

Herald Investment Fund Plc

Herald Worldwide Technology Fund

REMUNERATION POLICY

Version 3.0

Version Control		
Version 1.0	09 November 2018	Annual review
Version 2.0	20 August 2020	Annual review and update
Version 3.0	2 March 2021	Inclusion of SFDR disclosure

1. Overview

1.1 Introduction and Purpose

The Company has adopted this remuneration policy in order to meet the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the "UCITS Regulations") in a way and to the extent that is appropriate to the Company's size, internal organisation and the nature, scope and complexity of its activities. This policy has been adopted pursuant to ESMA's Guidelines on Sound Remuneration Policies under the UCITS Directive (the "ESMA Guidelines").

The purpose of this policy is to describe the remuneration principles and practices within the Company and for such principles and practices:

- (a) to be consistent with, and promote, sound and effective risk management;
- (b) to be in line with the business strategy, objectives, values and interests of the Company;
- (c) not to encourage excessive risk-taking as compared to the investment policy of the relevant sub-funds of the Company (each, a "Fund");
- (d) to provide a framework for remuneration to attract, motivate and retain staff (including directors) to which the policy applies in order to achieve the objectives of the Company; and
- (e) to ensure that any relevant conflicts of interest can be managed appropriately at all times.

1.2 Application

This policy applies to identified staff in aggregate, being those whose professional activities have a material impact on the risk profile of the Company or of the Funds and so covers: (i) senior management; (ii) risk takers¹; (iii) control functions²; and (iv) any employees receiving total remuneration that takes them into the same remuneration bracket³ as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company. The Company currently does not have any employees and so the policy applies only to members of the Company's management body (i.e., the board of directors) (each, a "Director" and collectively, the "Board"). All members of the Board are non-executive Directors.

1.3 Governance

UCITS management companies and self-managed investment companies that are significant in terms of their size or of the size of the funds they manage, their internal organisation and the nature, the scope and the complexity of their activities are required to establish a remuneration committee. In view of the limited size of the Funds, the non-complex nature of the Company's internal structure and its activities, it is not considered appropriate for the Company to establish a remuneration committee. In particular, the Company has taken account of the following circumstances prevailing as of the date of this document:

- the assets under management of the Company;
- the Company has no employees;
- the Company anticipates that the Funds will engage in a limited number of investment strategies;
- none of the Funds engage in leverage on a substantial basis;

¹ The Remuneration Guidelines refer in this context to "staff responsible for heading the investment management, administration, marketing, human resources" and "staff members, whose professional activities – either individually or collectively, as members of a group (e.g. a unit or part of a department) – can exert material influence on the management company's risk profile or on a UCITS it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of the management company or of a UCITS it manages. Such staff can include, for instance, sales persons, individual traders and specific trading desks."

² "Control functions" refers to staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within a management company.

³ "Remuneration bracket" refers to the range of the total remuneration of each of the staff members in the senior manager and risk taker categories – from the highest paid to the lowest paid in these categories.

- the Company does not act as an alternative investment fund manager under Directive 2011/61/EU (“AIFMD”) or provide the services mentioned under Article 6(3) of Directive 2009/65/EC (the “UCITS Directive”); and

Accordingly, the Company is considered to be a non-complex, small scale investment company. The Board is responsible for the remuneration policy for the Company and for determining the remuneration of the directors of the Company. The Board is comprised of non-executive directors only. The Board has adopted this policy and periodically reviews (at least annually) the general principles of this policy and is responsible for, and oversees, its implementation in line with the UCITS Regulations. The Board considers that its members have appropriate expertise in risk management and remuneration to perform this review. Where a periodic review reveals that the remuneration system does not operate as intended or prescribed, the Board shall ensure that a timely remedial plan is put in place.

1.4 Alignment of remuneration and risk-taking

(a) *Fixed Salary*

The Directors receive a fixed annual fee which is competitive and based on the individual Director’s powers, tasks, expertise and responsibilities including, without limitation:

- (i) chairmanship of the Board or of Board sub-committees (if any);
- (ii) membership of Board and / or sub-committees (if any);
- (iii) designated person functions; and
- (iv) where applicable, performing the role of the “organisational effectiveness” director as required by the Central Bank.

Each Director’s performance is subject to annual review by the Board.

(b) *Variable Salary*

The Directors receive fixed remuneration only. It is not considered appropriate that the Directors receive variable remuneration from the Company. The following pay-out process rules in the UCITS Regulations applicable to variable remuneration do not apply to the remuneration paid to staff of the Company:

- variable remuneration in instruments;
- retention;
- deferral;
- ex post incorporation of risk for variable remuneration.

Following assessment by the Company of each of the pay-out process rules and taking account of Company’s specific circumstances, this approach is considered to be appropriate to the Company’s size, internal organisation and the nature, scope and complexity of its activities as noted in Section 1.3.

(c) *Expenses*

The Directors will be reimbursed for all reasonable, validly incurred, duly authorised and documented business expenses.

(d) *Other Benefits*

The Company does not propose to provide benefits to the Directors other than those referred to in this policy.

(e) *Pension*

The Directors are not entitled to pension contributions or other benefits from the Company in respect of their role as Directors.

(f) *Notice of termination and severance pay*

The maximum notice period in any Director's letter of engagement shall be determined by the relevant letter of engagement. Subject to the terms of that engagement letter, a Director's fee will continue to be paid during the relevant notice period. No severance payments are made.

(g) *Integration of Sustainability Risks*

The EU Sustainable Finance Disclosure Regulation (2019/2088) ("SFDR") requires the Company to include in this remuneration policy information on how this policy is consistent with the integration of sustainability risks. Sustainability risk means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment". The same information (or a summary of it) must be published on the Company's website.

The Company is for these purposes a "financial market participant". Accordingly, sustainability risks are risks which, if they were to crystallise, would cause a material negative impact on the value of the investments made by the Funds.

Remuneration paid to the Directors and designated persons is currently comprised of a fixed salary component as described in section 1.4(a) above. If this position were to change, the Companies may determine, at its discretion, that Directors, designated persons or other staff are paid a combination of fixed and variable remuneration (including bonus). The variable component of remuneration which may be paid would be discretionary and dependent on the performance of the individual and the Funds in accordance with this remuneration policy. Compliance with all the Company's policies and procedures, including policies and procedures relating to the impact of sustainability risks on the investment decision making process, may be taken into account as part of that overall assessment.

(h) *Conflicts of Interest*

To the extent that the Company in the future retains any staff engaged in control functions (i.e., staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions), in order to address any conflict of interest such staff shall be compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business area to which the control functions relate.

Directors may undertake external activities with or without compensation and/or inducements that might lead to a conflict of interest with the Company or the Funds provided the conflict of interest is considered and disclosed in accordance with the terms of the Director's letter of appointment.

Any staff that may be engaged by the Company will be required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements subject to this policy.

The Company has also adopted a connected party transaction policy in accordance with the requirements of the Central Bank.

2. **Delegation of the Investment Management Function**

2.1 **Application of Remuneration Rules to Delegates**

The Company has delegated the investment management function to the investment manager (the "Investment Manager") and so the Company must ensure that:

- (a) the Investment Manager is subject to regulatory requirements on remuneration that are equally as effective as those applicable under Article 69(3)(a) of the UCITS Directive; or
- (b) appropriate contractual arrangements are put in place with the Investment Manager in order to ensure that the Company can receive (and disclose in its annual report) at least information on the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the Company to the identified staff of the Investment Manager, which is linked to the delegated portfolio.

2.2 **Confirmation of Applicability of Remuneration Rules by Investment Manager**

The Investment Manager is subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines.

The Investment Manager is required to provide a confirmation that the statement at Section 2.1 above is accurate and is required to notify the Company should this cease to be the case.

3. **Deviation from the Policy**

The Board may deviate from the above policy. However, in such a case, the relevant payments must comply with the UCITS Regulations and the ESMA Guidelines (to the extent applicable) and in addition, the Board shall approve any payments made.