

# ***DBJ Europe Limited***

## ***IFPR Disclosures (As of 31<sup>st</sup> December 2022)***

## **1. INTRODUCTION**

### **1.1 Purpose and Scope**

This document presents the FCA Disclosure Requirements (previously referred to as the Pillar 3 disclosures) for DBJ Europe Limited (the "**Firm**") which is authorised and regulated by the Financial Conduct Authority ("**FCA**") under reference number 502505. From 1 January 2022, the Firm has been regulated under the FCA's new Investment Firm Prudential Regime ("**IFPR**") as an SNI MiFID investment firm.

These disclosures are prepared on an annual basis for the purposes of complying with the FCA rules at MIFIDPRU 8 for SNI investment firms. The Firm is required to publicly disclose certain details about its remuneration arrangements.

### **1.2 FCA Disclosure Policy**

The disclosures have not been audited and do not form part of the annual audited financial statements of the Firm. However, they are subject to internal review and verification and are approved by the Firm's Board of Directors.

The Firm's disclosures are considered to be appropriate to its size and internal organisation, and to the nature, scope and complexity of its activities. The Firm may consider it appropriate to publish updated disclosures more frequently should a significant change in business or operating environment require this.

## **2. REMUNERATION**

### **2.1 Approach to remuneration for all staff**

The Firm is committed to remunerating all staff fairly in a manner that promotes equal opportunity and rewards and incentivises staff for their performance and contribution to the Firm. The remuneration structures adopted by the Firm enable the Firm to recruit and retain highly-talented staff.

### **2.2 Objectives of financial incentives**

Remuneration at the Firm is comprised of fixed and variable remuneration. The aim of the remuneration incentives, the Firm's policy that governs such incentives and the governance framework within the Firm around remuneration is to establish, implement and maintain remuneration policies, procedures, governance and practices that:

- are consistent with and promote sound and effective risk management;
- do not encourage excessive risk taking, instead promoting risk awareness and prudent risk taking;

- include measures to avoid conflicts of interests;
- ensure that a balanced performance management process is in place, including measuring the performance of at an individual, business, and group level, using both financial and non-financial metrics of performance; and
- are in line with the Firm's business strategy, objectives, values and long-term interests, encouraging responsible business conduct.

### 2.3 Governance

The Board has established a sub-committee known as the Executive Committee through which the governance of the Firm's remuneration is managed, the Executive Committee oversees the Firm's remuneration policies and procedures and to ensure that remuneration policies, procedures and practices promote sound and effective risk management. The Executive Committee does not make decisions in respect of its own members' remuneration but the remuneration of members of the Executive Committee is managed by the Human Resources Management Department of the Firm's parent, Development Bank of Japan Inc. ("DBJ") and approved by the Executive Committee. As at 31 December 2022, the Executive Committee consisted of Akira Sato, the Executive Chairman, Hiroyuki Kitakata, the Chief Executive Officer and Hiroaki Koide, the Chief Operating Officer of the Firm. The Executive Committee is responsible to the Board for remuneration matters.

In accordance with the FCA's rules, the Firm has a Remuneration Policy. The Remuneration Policy covers all aspects of the Firm's remuneration. The Remuneration Policy is reviewed by the Firm's Board annually. The Firm has taken advice on the development of the Remuneration Policy from its external counsel and an external compliance consultancy.

### 2.4 Key characteristics of remuneration policies and practices

Remuneration at the Firm is comprised of the following:

Type of remuneration	Categorisation
Annual salary	Fixed
Annual discretionary bonus	Variable

The Firm's business is to provide investment services to its sole client, DBJ, which is a Japanese government owned financial institution which provides integrated investment and loan services to domestic and international clients.

Annual salary is driven by market demands and affected by individual performance, reflecting an individual's role and position within the Firm. However, individual performance during the year is critical in determining an individual's bonus award for that year. The funding of the cash bonus pool each year is based on the Firm's overall financial performance and the overall performance of the DBJ Group against targets set and approved by DBJ's Corporate Planning and Coordination Department and the DBJ's Board.

The Firm assesses its business performance on an annual basis and the Executive Committee determines an appropriate pool based on financial and non-financial metrics. The non-financial metrics form a significant part of the performance assessment process, including, in particular, metrics on conduct and adherence to effective risk management and compliance with regulatory requirements, including on matters relating to economic, social and governance matters and diversity and inclusion to the extent relevant to the role and the business..

All variable remuneration is fully discretionary and the exact amount to be paid to any employee in any year will be determined in the company's sole discretion, in consultation with DBJ, based on:

- the Firm's financial performance and the financial performance of DBJ;
- the employee's individual performance and quality of work; and
- the employee's role, position and career track at the Firm and contributions that the employee is expected to make in the company in the future.

Due to the Firm's size, the Firm does not have individual business units.

In respect of the performance criteria of the Firm, the Firm assesses its own overall financial performance and the overall performance of the DBJ group against its targets set in order identify variable remuneration levels.

In respect of the performance of individuals, the Firm assesses performance using a holistic assessment against both financial and non-financial metrics which concern a range of measures and competencies.

### **Pension**

The Firm also operates a Defined Contribution ("DC") plan and does not make discretionary pension payments. The Firm's pension policy is in line with the Firm's business strategy, objectives, values and long-term interests and under its DC pension arrangements there are no long-term liabilities to the business. Expatriate staff at the Firm participate in the plan of DBJ.

## **2.5 Quantitative Disclosures**

For the purposes of these remuneration disclosures the Board have identified for the financial year to 31 December 2022 that the total remuneration (both fixed and variable) paid to all staff was £3,211k, split as follows:

(i) a total cost of fixed remuneration paid to all staff of £2,638k;

(ii) a total cost of variable remuneration paid to all staff of £573k.