



REMUNERATION AND INCENTIVE POLICIES

EDITION NO. 1

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1. Glossary

In addition to the other terms defined elsewhere in this remuneration and incentive policy, the words and expressions listed here below shall have the following meanings:

Term	Description
Praesidium/ the AIFM/ the Company	Praesidium S.A.
AIF(s)	Alternative Investment Fund(s)
AIFM	Alternative Investment Fund Manager
AIFM Law	Luxembourg Law of the 12 July 2013 on AIFMs
Board	Board of Directors of the Company
Control Functions	Staff (other than Senior Management) responsible for risk management, compliance, internal audit and similar functions within the Company
Fund(s)	AIF(s) for which the Company acts as AIFM
Identified Staff	<ul style="list-style-type: none"> Members of the Board of the Company, members of the Senior Management, Control Functions and any employee receiving a remuneration that is equal to or greater than the total remuneration of Senior Management, as well as Staff members whose professional activities can exert material influence on the Company's risk profile or on a Fund it manages, , whose professional activities have a material impact on the risk profiles of the Funds that the Company manages
Policy	This remuneration and incentive policy
Senior Management	The persons responsible for the management of the professional, authorised by the CSSF, also known as "authorised management" or "conducting officers"
Staff	Any employee of the Company or any person being paid directly or indirectly by the Company or the Funds

2. Preconditions and regulatory framework

The reference regulation on the remuneration matter is represented by:

- AIFM Law;
- Guidelines on sound remuneration policies under AIFMD (ESMA/2013/232 and ESMA/2016/579);
- ESMA Questions and answers on the application of the AIFMD (ESMA34-32-352).

In this context, the AIFM implements a remuneration policy aimed at ensuring: consistency with the strategy, objectives and corporate values, the interests of the AIFM and the AIFs managed or the investors of such fund AIFs; link with risks; compatibility with capital and liquidity levels; medium/long-term orientation; compliance with the rules; prevention of possible conflicts of interest.

In particular, the AIFM adopts remuneration and incentive policies and practices that reflect and promote sound and effective risk management and do not encourage risk-taking that is inconsistent with the risk profiles, regulations, by-laws or other instruments of incorporation of the managed AIFs. The remuneration and incentive policy shall also be consistent with the economic performance and financial position of the AIFM and the Funds.

The remuneration policy adopted by the AIFM is defined on the basis of the following principles:

- Sustainability: in defining remuneration, particular attention is paid to aligning personal objectives with those of the AIFM and the AIFs managed. Remuneration is therefore directly linked to both individual *performance* and the creation of value for the AIFM, the Funds and the investors;
- Internal fairness: remuneration must be consistent with the role held, the responsibilities assigned, the skills and abilities demonstrated;
- Competitiveness: the level of remuneration must be balanced with that of the reference market; observation of market practices and trends must enable the AIFM to attract and maintain qualified and adequately motivated professional resources;
- Meritocracy and compliance: the system must be aimed at rewarding the results obtained and the behavior put in place to achieve them, which must be constantly oriented towards compliance with regulations and procedures and a precise risk assessment.

The Policy concerns all forms of remuneration consisting of:

- payments and benefits paid by the Company;
- any amount paid by the Funds themselves, including carried interests if any; and
- any transfer of units or shares of the Funds;

in exchange for professional services rendered by the Staff of the Company.

3. Recipients of the Policy

The provisions of the Policy apply to all of the AIFM's Staff with the exception of certain provisions which are applicable exclusively to the Identified Staff, as explained in more detail in the following paragraphs.

In order to identify the Identified Staff, the Board periodically carries out, with the support of the conducting officer in charge of compliance, a self-assessment process that leads to the identification of the Identified Staff.

4. Proportionality principle

The Policy and the subsequent measures have been drafted to be appropriate to the Company size, internal organisation, nature, scope and complexity of activities performed. The Company has decided to opt for the application of the proportionality principle at the level of the Company on the basis of the analysis which outcomes are reflected in Annex II and thus not to implement the further listed requirements:

- Setting up of a remuneration committee;
- Payment of at least 50% of the variable component, in financial instruments and subsequent retention policy;
- Deferral of at least 40% of the variable part of the remuneration;
- Ex-post risk adjustment for the variable remuneration.

5. The decision-making process to define the remuneration policy

The determination, approval, implementation and subsequent verification of remuneration policies require the involvement of various bodies and functions whose role is illustrated below.

Board:

- Defines remuneration and incentive schemes;
- It ensures and supervises that the systems are consistent with the company strategy, long-term objectives, the corporate governance structure and the choices made by the AIFM with regard to risk taking;
- It establishes, if necessary, the Remuneration Committee, composed of the non-operational members of the Board¹;
- The Board adopts and periodically reviews the general principles of this Policy and is responsible for its implementation;
- It approves the allocation of the incentive component of management remuneration policies, as well as the modification of the fixed remuneration on the basis of the proposals received by the Remuneration Committee, if any.

Risk Management Function

- It assesses how the variable remuneration structure affects the risk profile of the AIFM;
- It verifies the adequacy of the risk indicators used;

¹ In application of the principle of proportionality and the materiality thresholds indicated in the guidelines set out in Guideline ESMA/2013/232 of July 3rd 2013, the Board considered the establishment of the Remuneration Committee unnecessary.

- When defining the objectives, it verifies the adequacy of the parameters to be correlated to performance levels.

Compliance Function

- It verifies that the reward system is consistent with the objectives of compliance with the rules, the By-laws and the Internal Code of Conduct, so that legal and reputational risks are adequately contained.

Internal Audit activities

- The internal auditor verifies, at least once a year, the compliance of the remuneration practices adopted by the AIFM with the regulations and approved policies.

6. The components of the AIFM remuneration system

Remuneration means any form of payment or benefit paid by the AIFM to its Staff, directly or indirectly, in cash, financial instruments - including shares of the managed Funds - or goods in kind (*fringe benefits*), in exchange for work or professional services rendered.

The remuneration package consists of fixed components and variable components.

The fixed components refer to the remuneration of the role, the responsibilities assigned and the technical and managerial skills possessed.

The fixed and variable components of total remuneration must be appropriately balanced. The weight of the fixed component must affect the total remuneration to an adequate extent to attract and retain resources and, at the same time, to adequately remunerate the role, even if the incentives are not paid. This also aims to discourage the adoption of conduct that is not proportionate to the AIFM 's own degree of risk propensity or to the risk limits established for the managed Funds.

The weight of the variable component of remuneration in relation to the fixed component is parameterized to the scope of activity and the strategic weight of the position to which the remuneration refers and does not exceed 100% of the fixed component.

6.1 Fixed remuneration

The fixed component consists of the gross annual remuneration and possibly a package of *benefits* (for example: accommodation, car, km reimbursement, mobile phones, computer equipment, supplementary pension, insurance policies, etc.).

6.2 Variable remuneration

The variable components of remuneration include any payment or *benefit* that depends on the results achieved by the individual, the AIFM or the Funds (the so-called *performance*). The notion of variable remuneration also includes '*carried interests*', i.e. those parts of the return on an AIF which are received by the Staff for the management of the AIF without prejudice to '*the pro rata share of the profit attributed to the staff and resulting from any investment in the AIF by the staff*'; *carried interest* means the potential right attributed to certain categories of AIF units to receive an additional return after all

investors of the AIF concerned have received back the capital initially invested together with a minimum return typically expressed as an annual interest rate (so-called '*hurdle rate*').

It should be noted that the non-executive members of the Board of Directors and the heads and members of the internal Control Functions do not receive any variable remuneration.

7. The characteristics of the AIFM 's incentive scheme

The AIFM applies the principle of proportionality on the basis of the analysis with outcomes are reflected in Annex II and in accordance with the compliance and the risk management functions' opinion.

The performance assessment, which contributes to determining the disbursement of the variable part, is carried out over a (multiannual) period of time appropriate to the life and/or investment cycle of the AIFs managed, so as to ensure that the assessment process is based on longer-term performance and that the actual payment of performance-based components of remuneration is spread over a period that takes into account the investment risks related to the AIF and the possible redemption policy of the AIF. In other words, when applying the valuation parameters linked to the funds, profitability parameters on a multi-year basis are taken into account which implicitly leads to a deferral or distribution of the income impact over several years.

It is finally underlined that:

- the AIFM does not award discretionary pension benefits;
- the AIFM has not agreed with its staff benefits in the event of early termination of employment (so-called *golden parachute*), other than those provided for in the relevant employment contract. The only exceptions to this are redundancy incentive agreements that may be entered into in exceptional cases, such as mergers, corporate restructuring and bankruptcy proceedings, without prejudice to the constraints imposed by current legislation;
- Guaranteed variable remuneration is allowed only in exceptional cases and with exclusive reference to the case of hiring new staff and limited to the first year of employment;
- Staff are prohibited from using hedging strategies or insurance linked to remuneration as they could affect the risk alignment effects of the remuneration and incentive mechanism;
- Variable remuneration is not paid to any Staff member through vehicles or methods that facilitate the avoidance of the requirements of the applicable regulations.

8. The functioning of the AIFM 's incentive scheme

On an annual basis, as part of the *budgeting* process, the Board determines an overall bonus (the annual variable component), and establishes its distribution.

Ex-post adjustment coefficients are applied to the annual variable component thus determined, in proportion to the results actually achieved during the reference period and taking into account the necessary capital and liquidity conditions of the AIFM. The application of the adjustment coefficient may lead to the contraction (and even zeroing) of the annual variable component defined by the

budget or even to its increase, without prejudice to the need for this increase to be approved by the Board and the Shareholders' Meeting for the operating directors only.

Once the amount of the annual variable component has been determined (on the basis of quantitative parameters), the final allocation of the incentive to the individual recipients is further subject to the measurement of the performance of the person concerned, which is based on qualitative parameters such as:

- achievement of strategic objectives, if assigned;
- compliance with internal rules and procedures;
- aptitude for teamwork and cooperation with control functions.

The negative evaluation of qualitative parameters prevails over the positive financial *performance of* the AIFM or the Funds. The measurement of individual performance is carried out by the Board through the evaluation of personal evaluation forms, in which the parameters to be evaluated are included, to which different weights are attributed according to their importance and the role played by the person to whom they refer.

The set of evaluations carried out by the Board regarding the *performance of the* AIFM and the individuals leads to the definition and final assignment of the annual variable component to the individual recipients.

The incentive thus determined is then paid in the form of a lump-sum cash payment by April of the year following the year in question.

9. Reporting obligations

The Board provides the Shareholders, during the discussion of the draft financial statements, with precise and specific information on the implementation of the remuneration policy adopted, highlighting its compatibility with the results and risks assumed by the AIFM. In particular, it highlights the circumstance relating to the possible suspension of payment of the variable component of remuneration and the possible derogation from the 1:1 ratio between fixed component and variable component, explaining the reasons for this. Furthermore, the AIFM provides general information on the financial and non-financial criteria of the remuneration policies and practices applied to the relevant categories of staff, so that investors can assess the expected incentives. The AIFM shall also disclose at least the information necessary to specify the risk profile of the AIF and the measures taken to avoid or manage conflicts of interest.

Then, the AIFM is required to make available, for each EU AIF it manages and for each AIF it markets in the Union, the annual report for each financial year at the latest six months after the end of the financial year. The annual report is provided to investors upon request. The annual report shall be made available to the competent supervisory authorities.

Among other information, the annual report shall include at least:

- The total remuneration for the financial year (split into fixed and variable remuneration) paid by the Company to the entire Staff and number of beneficiaries and, where relevant, carried interest paid by the fund it manages;

In this respect, the annual report will also specify whether or not the total remuneration relates to any of the following:

- The total remuneration of the entire Staff of the Company, indicating the number of beneficiaries; or
 - The total remuneration of those Staff of the Company who are fully or partly involved in the activities of the AIF, indicating the number of beneficiaries; or
 - The proportion of the total remuneration of the Staff of the Company attributable to the AIF, indicating the number of beneficiaries.
- Aggregate amount of remuneration broken down by Senior Management and other Identified Staff members.

The remuneration disclosure, when possible, will report an allocation or breakdown in relation to each fund managed by the Company and a description of how the allocation or breakdown has been performed.

The annual report of the Funds will also disclose the remuneration paid by the Company to the staff of the Delegate.

The Company can ensure compliance with this requirement in one of the following two ways:

- Where the Delegate is subject to regulatory requirements on remuneration disclosure that are equally as effective as those under the AIFMD, the Company will use the information disclosed by the Delegate for the purposes of fulfilling its obligation under the AIFMD.
- In other cases, appropriate contractual arrangements will be put in place with the Delegate allowing the Company to receive at least information on the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIF and/or the Company to the Identified Staff of the Delegate– and number of beneficiaries, and, where relevant, carried interest- which is linked to the delegated portfolio. This means that the disclosure should be done on a prorated basis for the part of the AIF's assets which are managed by the Identified Staff within the Delegate.

Finally, the Staff shall have access, in addition to the information provided to investors under this paragraph, to the criteria used to determine remuneration. The assessment process shall be properly documented and transparent for the Staff concerned. The AIFM may not provide the Staff with information relating to confidential quantitative aspects.

10. Implementation of remuneration policies

Any individual contractual agreements that may exist must be aligned with the content and principles of remuneration policies, without prejudice to legal reservations and those arising from the execution of collective labor agreements.

The *policy* must be subject to review and must be brought to the attention of the Staff.

11. Revision of remuneration policies

The remuneration policies adopted by the AIFM are subject to annual review by the Board of Directors, in order to ensure consistency with the AIFM 's organizational profile, the approved investment strategies and any regulatory changes.

Appendix I: List of the Identified Staff as of 7 December 2022

- Annamaria Koerling (Board member);
- Alessandro Poli (Board member and Conducting Officer);
- Bridget Barker (Board member);
- Gilles Dusemon (Board member);
- Olivier Grard (Conducting Officer);
- Figen Eren-Gangloff (Conducting Officer)
- Marcela Sanchez (Conducting Officer);
- Marc Bonavitaola (CIO)
- Katrin Broekelmann to be appointed as Conducting Officer;
- The Conducting Officer in charge of risk management to be recruited.

Appendix II: Analysis with respect to the application of the proportionality principle at the level of the Company