

Remuneration Policy

1. Purpose

This document sets out the remuneration policy for certain directors and employees of FREO Investment Managers S.à r.l (“FREO IM”).

2. Regulatory Background

This remuneration policy is issued with a view to ensure compliance with EU Directive 2011/61, the Alternative Investment Fund Managers Directive (the “AIFMD”), the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 (the “Level 2 Regulations”) and the Luxembourg Law of 12 July 2013 on alternative investment fund managers (the “2013 Law”).

Guidance provided by the European Securities and Markets Authority (“ESMA”), and particularly the guidelines 2016/411 as well as the CSSF circular 18/698 have been taken into consideration in the formation of this policy.

3. Scope

This policy applies to remuneration of any type paid by FREO IM or any amount paid directly by the AIF itself, including carried interest, and to any transfer of units or shares of the AIF, made to the benefits of those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on their risk profile or the risk profiles of the AIF that they manage (“Identified Persons”). The Remuneration Committee shall determine a list of the identified staff on an annual basis in dependence on their actual potential for an impact on the managed funds.

This policy shall not apply to the remuneration of directors and employees of FREO that are not Identified Persons.

In general all paid remuneration shall be brought in line with the business strategy, objectives, values and interests of the AIFM. Staff engaged in control functions shall be compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control. The total amount of remuneration shall be based on a combination of the assessment of the performance of the individual and of the business unit or AIF concerned

and of the overall results of the AIFM. Pensions are not to be taken into account as there is currently no dedicated pension policy. The assessment of the individual performance shall be set in a multi-year framework appropriate to the life-cycle of the AIFs managed by the AIFM and potential payments related to the early termination of a contract shall reflect the individual performance achieved over time and are designed in a way that does not reward failure.

The policy shall take the proportionality principle with regard to size, internal organization, nature, scope & complexity of the activities into account (and where relevant, of any other criteria). Consequently the points m) n) & o) of Annex II of the AIFM law are to be considered out of the scope of this policy.

4. FREO Group

For the application of this policy "FREO Group" shall mean FREO Group S.A. and its subsidiaries.

5. Remuneration Committee

FREO IM's Remuneration Committee includes Mr. Matthias Luecker and Mr. Sven Andersen.

The Remuneration Committee will in particular oversee the remuneration of the senior officers in the risk management and compliance functions as well as all Identified Persons.

6. Guidelines

6.1 General guidelines

Identified Persons, as identified by FREO IM's Remuneration Committee from time to time, shall typically receive compensation on the following basis:

1. A base salary and benefits,
2. a discretionary annual bonus related to individual performance,
3. carried interest entitlements related to the performance of investments.

Independent directors, i. e. directors of entities that are not otherwise employed by FREO and that do not regularly perform work for FREO outside of their roles as independent directors shall typically receive a fixed compensation and may receive time-based compensation and reimbursement of reasonable expenses.

Reimbursement of reasonable expenses in the conduct an Identified Person's work shall not constitute remuneration for the purposes of this policy.

6.2 Base Salary and Benefits

Employing entities of FREO shall have full discretion to agree base salaries and benefits with Identified Persons to the extent that such remuneration scheme is in line with this FREO IM Remuneration Policy. The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks (subject to the discretion of not paying any variable remuneration at all).

6.3 Annual Bonuses

Annual bonuses may be awarded by employers of FREO on a fully discretionary basis. Such bonuses shall be based on individual performance. Performance targets shall be set by employers and reviewed regularly, at least annually. Performance targets may include "hard" elements, e. g. the achievement of specific business goals, and "soft" elements such as personal conduct and contributions to teamwork. The annual bonuses and the fixed remuneration should be properly balanced. Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is in general limited to the first year.

6.4 Carried Interest Entitlements

Identified Persons may be admitted to one or more carried interest schemes related to investments managed by FREO. Admission shall require the discretionary recommendation of the Remuneration Committee in each instance and be approved by an Identified Person's respective employer and the Board of Manager of FREO IM. Once admitted, the entitlement of an Identified Person to carried interest from a scheme shall be governed by binding rules of the applicable carried interest scheme. Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of this Directive

The following general guidelines shall apply to carried interest schemes of FREO:

1. Aggregate payments under carried interest schemes shall be split between FREO IM (or its nominees) and all Identified Persons participating in a respective carried interest scheme. Identified Persons participating in a carried interest scheme may include persons that are members or ultimate economic beneficiaries of FREO IM if they are performing investment management related work with respect to the investments to that the carried interest scheme applies.
2. Payments under carried interest schemes shall be made when and to the extent distributable payments under such schemes become available. Claw-back and reserve provisions may apply.
3. Carried interest schemes shall be set up flexibly to deal with participating persons joining and leaving FREO. Carried interest payments shall be allocated based on a points system. Points shall be allocated *pro rata temporis* on a quarterly basis. A reserve pool of points shall be established to accommodate joiners. Leavers shall retain points allocated to them during their employment with FREO, subject to their relative entitlement being diluted by further points awarded to others. Persons leaving FREO due to termination of their employment for cause shall lose their points.
4. Co-investing persons shall be given preference in carried interest schemes.
5. The rules of a carried interest scheme shall be binding and documented e. g. in a limited partnership agreement.

Subject to the legal structure of the close-ended AIF with one investment strategy and its rules or instruments of incorporation and considering that the assets under management are limited, the proportionality principle will be applied for the remuneration computation.

6.5 Minimum Threshold

This policy does not become applicable for variable remuneration components which are on a cumulative annual basis worth less than the equivalent sum of EUR 300,000.00 (threehundredthousand).

6.6 Deferred payment

In case the minimum threshold is exceeded, the remuneration committee shall decide on a deferred payment scheme whereas the minimum of 40% of the variable remuneration part shall be deferred over three years.

6.7 Malus and clawback

Up to 100% of the variable remuneration shall be subject to contraction in the event of poor or negative financial performance of underlying investments, including through malus or clawback arrangements subject to criteria set by the remuneration committee which are in particular applicable to the following situations:

- the person in question has been involved in, or is responsible for, conduct that has resulted in significant losses to the investment firm;
- the person in question is no longer considered to be sufficiently fit and proper;
- material losses have been encountered on the investment side due to non-respect of sound and effective risk management in line with the defined risk profiles of the managed investment products or with respect to appropriately pre-defined sustainability risks;

7. Review of Policy

This policy shall be reviewed when a new Alternative Investment Fund ("AIF") is launched, in case of material change to the Risk profile of an AIF, or at least annually by the Board of Managers upon recommendation of the Remuneration Committee.

8. Subsidiarity to law, non-binding

This policy and included guidelines shall be subsidiary to any restrictions or limitations by employment laws applicable in relevant jurisdictions.

9. Awareness and training

All FREO directors and employees can access this policy which shall be saved on an accessible server J:\Office_LUX\0000 Compliance\Policies\AIFM book\20191202 AIFM handbook. Where

further explanation is required on any aspect of this policy a director or employee should approach their line manager.