

Remuneration Policy

of

RFR Lux Fund Management S.à r.l.

Enforcement date:

With immediate effect

Duration:

Until it is revoked or replaced

Departments Consulted:**Policy Review Frequency:**Annually

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1. General

1.1. Objective and scope

The following Remuneration Policy shall apply to RFR Lux Fund Management S.à r.l. and all its employees. The specific remuneration principles have been written in compliance with requirements of CSSF Circular 10/437 (“Guidelines concerning the remuneration policies in the financial sector”), the AIFM Law as well as the European Securities and Market Authority (ESMA) final guidelines on sound remuneration policies under the UCITS Directive and AIFMD (2016/411).

For 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 the risk profile of the AIFM or the AIF(s) managed by the AIFM, constituting the “Identified Staff” as defined in section 5, specific requirements are laid down in this Policy.

1.2. Definitions

AIFM or RFR Lux FM	RFR Lux Fund Management S.à r.l.
AIFM Law	Luxembourg law of 12 July 2013
CO PM	Conducting officer in charge of portfolio management
Fund of AIF	Investment fund(s) under the management of RFR Lux FM
Managers	Duly appointed members of the Board of Managers of RFR Lux FM
Management Board	The Board of Managers of RFR Lux FM
RFR	The RFR group
Senior Management	The conducting officers of RFR Lux FM

2. General principles

The AIFM has assessed the possibility to apply the proportionality principle with respect to a combination of the different criteria laid out in the ESMA guidelines on remuneration: size, internal organisation and the nature, scope and complexity of activities. Based on the outcome of this risk analysis, the AIFM decided to invoke proportionality at the level of the latter.

By application of the proportionality principle, exemption is enforced with regard to:

- The requirements on pay-out processes for Identified Staff including:
 - The payment of variable remuneration in instruments;
 - Retention period;
 - Deferral requirements;

- Ex post incorporation of risk for variable remuneration.
- The requirement to establish a remuneration committee.

In application of the proportionality principle, the AIFM is not required to set-up a remuneration committee. As such the AIFM's Management Board should be directly responsible for overseeing the remuneration of control functions and other material risk takers.

The Management Board has the overall responsibility to implement a remuneration policy, which appropriately aligns the risks faced by the AIF(s)/AIFM, and to provide adequate and effective incentives to the staff of the AIFM.

The remuneration structure of the AIFM does not contain any incentives which could negatively affect the AIFM's performance and/or detriment the interest of investors of the AIF. Remuneration of Identified Staff depends on the AIFM's long-term strategy and performance so as to limit the Identified Staff's incentives in terms of risk-taking (incl. sustainability risks) and to align the personal objectives of the Identified Staff to the AIFM's/AIF's interest as well as the interests of the investors.

The AIFM's remuneration policy shall be based on the following general principles:

- *Transparency:* The remuneration policy shall be defined in the present document and shared with key stakeholders including shareholders, employees and regulators.
- *Fairness:* The individual benefits will be based on (i) the effective contribution to the results of the AIF and AIFM as well as (ii) quantitative and qualitative individual performance indicators as determined by the Management Board.
- *Long-term alignment of interests:* The aim of the policy is to create a win-win environment where the long-term financial interest of clients, employees and shareholders are aligned.
- *AIFM financial stability:* The incentive remuneration shall under no circumstances expose the AIFM to undue increased financial or operational risks. Also, it shall be highlighted that sustainability risks represent are part of the risk analysis conducted and are being considered in the risk exposure of the AIFM when determining any incentive remuneration.

The remuneration policy encourages the alignment of corporate governance, sustainability and sustained long term value creation for the AIFM's shareholders as well as the AIF(s) it manages and the AIF's investors. In particular, the remuneration policy ensures that:

- The AIFM is able to attract, develop and retain high-performing and motivated employees in a competitive, international market;
- Employees are offered a competitive remuneration package;
- Employees feel encouraged to create sustainable results and that a link exists between shareholder and employee interests;
- The total amount of the performance-related remuneration is 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;

- The remuneration of Senior Management in the area of portfolio management is additionally based on the long-term performance of the respective AIF(s) and does not encourage risk-taking (incl. sustainability risks) which is inconsistent with the risk profile of the AIF(s);
- The remuneration of risk and compliance management does not compromise the independence of these functions and is not solely determined by AIFM-wide performance criteria.

The remuneration policy is consistent with and promotes sound and effective risk management via:

- Establishing a sound governance structure for setting goals and communicating these goals to employees;
- Including both financial and non-financial (such as sustainability) goals as well as quantitative and qualitative criteria in performance and result assessments;

Ensuring the fixed salaries constitute a sufficiently high proportion of the total remuneration.

3. Types of remuneration covered

Remuneration shall be understood for the purpose of this policy as:

- All forms of payments or benefits paid by the AIFM to employees of the AIFM;
- Any payments paid by the AIF itself, including carried interest;
- Any transfer of units or shares of the AIF.

4. Remuneration components

Fixed and variable remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the business unit, the employee's rank within the AIFM and professional activity as well as market practice.

The remuneration components are:

1. Fixed remuneration;
2. Variable remuneration (performance-based) in the form of an annual bonus paid in cash, following approval by the Management Board; the AIFM reserves the right to withhold entirely or partially the variable component of remuneration when the individual or the AIFM/AIF performance criteria are not met; depending on extraordinary circumstances, the Management Board reserve itself the right to pay an discretionary bonus, as applicable;
3. Any amount paid by the AIF itself, including carried interest (if applicable).

Fixed remuneration

The fixed remuneration is determined based on the role of the individual employee, including his/her responsibility and job complexity, performance and local market conditions. The fixed components shall represent a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy (including the possibility to pay no performance-based component). This also

implies that fixed remuneration shall be sufficiently high to remunerate the professional services rendered, in line with the level of education, the degree of seniority, the level of expertise and skills required, the constraints and job experience, the relevant business sector and region.

Variable remuneration

The variable remuneration (performance-based) is, among others, based on the performance of the individual employee, which is based on both (i) the task fulfillment and (ii) the achievement of annual objectives.

Variable remuneration is awarded in a manner which promotes sound risk management and does not induce excessive risk-taking (incl. sustainability risks). Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff (this might include the payment of a signing bonus) and in this case is limited to one year.

Variable compensation is awarded by ensuring:

- That the present remuneration framework concentrates on the individual performance of each employee, by taking into consideration task fulfillment and achievement of objectives as well as the overall result of RFR;
- That the financial situation of the AIFM is not adversely affected by the overall pool of variable remuneration and the variable remuneration paid-out;
- That an appropriate balance is maintained between fixed and performance-based components, i.e. 100% of the bonus cannot be higher than 100% of the fixed remuneration.

There is no commitment to guarantee variable remuneration pay to employees of the AIFM. The Management Board will define the amount of variable compensation by taking into consideration the items above. However, these elements act as guidelines and there is not computational formula based on which the variable remuneration needs to be calculated. The Management Board can further decide to award such variable pay depending on the AIFM reaching a certain turnover/ profit threshold, which is determined by the Management Board, as applicable.

Severance pay

“Golden parachute” arrangements for staff members who are leaving the AIFM and which generate large payouts without any performance and risk adjustment are considered inconsistent with the principle in Annex II, paragraph (1)(k) of the AIFM Law. This does not preclude termination payments in situations such as early termination of the contract due to changes in the strategy of the AIFM or of the AIFs it manages, or in merger and/or takeover situations.

The AIFM’s severance pay framework foresees that any such payments are related to performance achieved over time, based on objective criteria and designed in a way that does not reward failure. Severance pay is determined and approved, in line with the AIFM’s general governance structures for employment.

Termination, hedging strategies and avoidance

The AIFM rewards sustained performance over time and decisions on pay are strongly based on differentiation both for sustained performance and for behaviours. Therefore, any payments related to early terminations are designed to ensure compliance with regulatory practice and do not reward failure. Employees of the AIFM are prohibited from using any hedging strategies or remuneration- and liability insurance to undermine any of the risk alignment effects of the RFR's remuneration policies. The AIFM will not make any payments through vehicles or methods that are not in line with legal and regulatory requirements.

Discretionary pension benefits

The purpose of pension plans is to establish a level of security for staff members and their dependents with regard to old age, disability and death. The level of pension benefits provided to staff members is influenced by local market practice and regulations and in line with the business values, strategy, objectives and long-term interests of the AIFM and the AIFs managed and does not constitute a mandatory item of the remuneration framework.

5. Identified Staff

The AIFM adopts the definition of identified staff in accordance with ESMA Guidelines on sound remuneration policies under the AIFM Law being: 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 the AIFM's risk profile or the risk profile of the AIF that it manages and categories of staff of the entity(ies) to which portfolio management or risk management activities have been delegated by the AIFM, whose professional activities have a material impact on the risk profiles of the AIF(s) that the AIFM manages.

Identified staff has been selected and designated in accordance with article 13 of the AIFM Law, and in line with ESMA guidelines. The following positions are designated as Identified Staff:

- The Management Board;
- The Senior Management;
- The control functions;
- Staff responsible for heading the portfolio management, administration, marketing, human resources;
- Other risk takers;
- Other employees/persons in the same remuneration bracket as senior managers and risk takers.

5.1. Remuneration of the senior management of the AIFM and the Management Board

Employees in management and oversight functions of the AIFM are generally compensated based on the components listed below:

- Fixed salary plus benefits;
- Variable remuneration (cash bonus).

In addition, the Management Board is remunerated consistent with their powers, tasks, expertise and responsibilities and based on their eligibility as defined below:

- Managers who are also employees of the AIFM are eligible for remuneration based on the criteria established in Section 6 of this Policy;
- Managers who are not employees of the AIFM but are employed by another (unregulated) RFR entity whether based in Luxembourg or abroad are ineligible for remuneration as they are remunerated by that entity;
- Managers who are independent managers shall receive a fixed fee for the services rendered for the AIFM. These Managers are not covered by incentive programs and do not receive performance-based remuneration. The basic fee of a Manager is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of

the complexity of the AIFM's activities, the extent of the responsibilities and the number of Board meetings. No pension contributions are payable on Managers' fees. Travel and out of pockets expenses shall be reimbursed.

The supervisory function, i.e. the Management Board is responsible for overseeing and approving the remuneration of the Senior Management.

5.2. Remuneration of control functions

The remuneration level of control functions' personnel allows employing qualified and experienced personnel for these functions. Employees of the AIFM involved in the oversight or performance of control functions are generally compensated based on the components listed below:

- Fixed salary (plus benefits, if any); as well as
- Variable compensation (cash bonus).

Given that the internal audit function is delegated to a third party, its compensation is based on a pre-determined arrangement independent from the performance of the funds or the business units it reviews and does not promote any risk taking.

The remuneration of the staff members in the compliance and risk management functions is designed in a way that avoids conflicts of interest related to the business unit the control functions are overseeing and, therefore, should be appraised and determined independently. Given that the AIFM has not established a remuneration committee, the remuneration of senior staff heading the control functions should be directly overseen by the supervisory function, i.e. the Management Board.

The remuneration structure of control function's personnel will not compromise their independence or create conflicts of interest in their advisory role to the Management Board.

Further conflicts of interest, which might arise in case other business areas had undue influence over the remuneration of staff within control functions, should be adequately managed. Control functions will not be placed in a position where, for example, approving a transaction, making decisions or giving advice on risk and financial control matters could be directly linked to an increase or decrease in their performance-based remuneration.

6. Performance metrics and eligibility criteria

6.1. General principles

The Management Board shall determine performance-based variable remuneration pools ensuring that risk, capital and liquidity limits are not exceeded. Performance-based remuneration pools must be based on an assessment of the AIFM's budget performance, the risks and the actual performance of the AIFM and its affiliates.

Allocation of individual benefits shall be based on a logic that is verified and controlled by a sound governance structure and as such benefits shall be subject to approval by the Management Board.

The decision on the allocation of the variable remuneration is, among others, based on the level of achievement of the defined objectives (i.e., year-end assessment). The bonus will (i) vary according to the type of position held by the employee and (ii) be based on individual performance criteria.

For the avoidance of any doubt, during the start-up phase of the AIFM (and as long as the AIFM's business is not yet profitable), the bonus might also be defined by the sole shareholder of the AIFM on a discretionary basis.

6.2. Performance metrics

To limit excessive risk taking, variable remuneration should be performance-based, and risk adjusted, whereas the risk adjustment may differ according to the span of activities of the employees and the AIFM's business function concerned.

The remuneration structure of the AIFM does not contain any incentives which could negatively affect the AIFM's performance and/or detriment the interest of investors of the AIF. The variable remuneration pool will depend on the AIFM's long-term strategy and performance so as to limit the Identified Staff's incentives in terms of risk-taking and to align the personal objectives of the Identified Staff to the AIFM's/AIF's interest as well as the interests of the investors. Such risk-taking considerations shall include the analysis of sustainability risks and the compliance with the risk profile and the key risk indicators defined in this context. To account for current and future risks, the remuneration pools shall be adjusted taking in account any current or potential costs that are incurred/likely to be incurred by the AIFM/AIFs.

By application of the ESMA guidelines on remuneration, the determination of the variable remuneration amount must be executed in correlation with the outcome of the risk-based performance assessment of each employee. On an annual basis, employees of the AIFM are subject to a performance review by taking into consideration the individual task fulfillment, the achievement of individual objectives as well as the overall result of RFR.

This performance review is based on the "4P framework" and entails the dimensions (i) Performance, (ii) People, (iii) Process and (iv) Partnership. During each year-end discussion, the AIFM, together with the respective employee, will establish the next year's performance framework by selecting

relevant quantitative and/or qualitative goals within each of the 4 dimensions from a pre-defined set of goals. Additionally, the framework offers the possibility to define and add additional goals in case required. For further reference please refer to a template performance goal plan attach as Appendix 1 as well as the annual performance assessment process attached as Appendix 2 to this Policy.

The outcome of this performance review will then be considered in the determination of the variable remuneration.

7. Disclosure

The AIFM shall ensure common, uniform and consistent application of remuneration principles set out in this Policy and will provide periodic disclosure on remuneration in the annual report of the AIF(s) in accordance with the requirements of the AIFM Law. The AIFM will ensure that the disclosure is clear and easily understandable and published on at least an annual basis and as soon as practicable after the information becomes available. Remuneration disclosure will at least contain the following:

- The total amount of remuneration of the financial year, split into fixed and variable components, paid to the staff of the AIFM, the number of beneficiaries and the carried interest (where applicable and if relevant);
- Aggregated amounts broken down by senior management and those members of staff whose professional activities have a material impact on the risk profile of the relevant AIF.

These items shall either be disclosed in the annual report of the funds or made available upon request to investors in the form of a remuneration disclosure statement at the head office of the AIFM.

8. Governance

The Management Board will monitor compliance with the Remuneration Policy on an annual basis and decide on any necessary changes. This will include alignment with the business strategy, objectives, values and interest of the AIFM and the AIF(s) it manages as well as measures to avoid conflicts of interest.

The conducting officer responsible for HR matters will brief all members of the Management Board on remuneration issues/proposed policy amendments and prepare the necessary documentation for the Management Board's dealings with remuneration issues.

At the beginning of each compensation period, the Management Board shall define clear objectives that will be the basis of the annual assessment as well as validate the proposed list of identified staff.

In assessing the annual performance, the Management Board will ensure that potential conflicts of interest of the AIFM and the AIF(s) it manages, or the investors of these AIF(s) are properly considered, integrated and documented and measures to avoid conflicts of interest are established (ref. Business Integrity Policy).

The Policy will be reviewed annually by the Management Board with the close involvement of the control functions. The annual review of the Remuneration Policy will ensure that:

- The remuneration system operates as intended; and
- Is compliant with national and international regulations, principles and standards.

The Management Board shall ensure that the results of the review are followed up. Any amendments to the Remuneration Policy will be subject to Management Board approval.


9. Appendices

The enclosed Appendices form an integral part of the present Remuneration Policy and are subject to the same internal review and approval procedures as the Remuneration Policy itself.

The following appendices are enclosed to the present Remuneration Policy :

- Appendix 1: Template performance goal plan
- Appendix 2: Annual performance assessment process.

Appendix 1: Template performance goal plan

 RFR MANAGEMENT GmbH		Beurteiler:																		
		Mitarbeiter:																		
		Abteilung:																		
		Position / Stelle:																		
		Beurteilungszeitraum:																		
#	Kategorie	Gewichtung	Detail	++	+	0	-	n/a												
1	Performance	25%	Erfüllung der Aufgaben / Verantwortlichkeiten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Beitrag am Abteilungserfolg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Beitrag am Unternehmenserfolg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Lernfähigkeit/Lernbereitschaft	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Umsetzungsstärke/Realisierungsfähigkeit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Durchsetzungsfähigkeit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Kategorienote																	
2	People	25%	Identifikation mit dem Unternehmen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Widerspiegeln der Unternehmenskultur / Werte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Zusammenarbeit im Team/Kollegialität	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Zusammenarbeit mit anderen RFR-Abteilungen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Selbstständige Arbeitsweise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Verantwortungsbewusstsein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Kategorienote																	
3	Process	25%	Effizienz im Doing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Aufdecken von Optimierungspotentialen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Einhaltung der RFR Compliance Guidelines / Policies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Einhaltung der RFR Qualitätsrichtlinien	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Einhaltung der Ablagestruktur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Pünktlichkeit / Termintreue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Kategorienote																	
4	Partnership	25%	Vertreten des Unternehmens nach außen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Zusammenarbeit mit Partnern & Dienstleistern	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Verhalten gegenüber dem Vorgesetzten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Leadership & Führungskompetenz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>												
			Kategorienote																	
Gesamtnote																				
Gesamtbeurteilung																				
Datum & Unterschrift des Beurteilers Name des Beurteilers in Druckbuchstaben																				
Erläuterung der Skala:																				
++ außergewöhnliche / exzellente Performance bzw. Kompetenz																				
+ übertrifft die Anforderungen - Ausbau und Förderung der Leistung bzw. Kompetenzen																				
0 entspricht den arbeitsvertraglichen Anforderungen																				
- entspricht nicht den arbeitsvertraglichen Anforderungen - Maßnahmen erforderlich																				
n/a keine Beurteilung möglich / nicht zutreffend																				

Appendix 2: Annual performance assessment process

RFR

Prozessablauf

