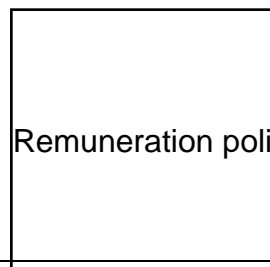


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**Kroll (Luxembourg) Management Company, S.a.r.l. (KLMC)**

**Remuneration Policy**



Version	Date	Owner
V1		Management
V2	June 2017	Management
V3	February 2019	Management
V4	April 2020	Management
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## 1. Regulatory background

Kroll Luxembourg Management Company (“KLMC”, the “Company”) is an authorized Chapter 15 Management Company as per the meaning of the Law of December 17, 2010 as well as an authorized Alternative Investment Fund Manager (“AIFM”) as per the meaning of the law of July 12, 2013. As such, KLMC is managing funds: UCITS and Alternative Investment Funds (“AIF”).

ESMA has provided Guidelines on policies which take into account the principles on sound remuneration policies set out in EU Commission Recommendation 2009/384, size of AIFMs and the AIFs they manage, their internal organization and the nature, scope and complexity of their activities.

Remuneration for these purposes consists of:

- all forms of payments or benefits paid by the Company,
- any amount paid by one of the Funds itself, including carried interest from an AIF, and
- any transfer of units or shares of a fund.

in exchange for professional services rendered by “Identified Staff” defined below.

## 2. Objective

As a result, KLMC has to comply with the requirements set forth in the above regulations when it comes to remuneration. The objective of this document is to set out the main principles KLMC has adhered to in order to comply with these requirements, bearing in mind that a proportionality principle has to be applied due to the nature of KLMC operations, acting as third party management company and AIFM.

It is the KLMC’s policy to maintain remuneration arrangements that satisfy the following principles:

- Are consistent with and promote sound and effective risk management;
- Do not encourage risk taking which is inconsistent with the risk profile of the Company or the risk profiles of the alternative investment funds (AIFs) and UCITS funds (UCITS) under management;
- Does not impair compliance with the Company’s duty to act in the best interest of the Funds under management;
- Consider the integration of sustainability risks.

The Remuneration Policy has been prepared in line with the business strategy, objectives, values and interests of the Company. In addition, the Remuneration Policy is designed to ensure that any conflicts of interest can always be managed appropriately

## 3. Scope

The rules and principles apply to remuneration of any type paid by the Company or one of its funds, including carried interest, as well as to any transfer of units/shares of a fund made to “Identified Staff”, which include (but are not limited to) the following categories of person:

1. Senior Management including staff responsible for heading key business areas;
2. Staff which, though their professional activities, may exert material influence on the risk of either the Company or one of the funds it manages; and
3. Any employees receiving total remuneration taking them into the same remuneration bracket as Senior Management and the staff defined under 2. above whose professional activities have a material impact on the risk profile of the company or of the funds it manages (can include sales persons, individual traders/trading desks).

The above can include those employed, as well as entities to which Portfolio Management or Risk Management activities have been delegated.

The table in appendix 1 is disclosing the remuneration base for each of the above “Identified Staff” intervening in the activities of the company.

#### 4. Key remuneration principles

The ESMA Guidelines confirmed that ancillary payments or benefits that are part of a general, nondiscretionary, company-wide policy and pose no incentive effects in terms of risk assumption can be excluded from this definition of remuneration for the purposes of the AIFMD specific risk alignment remuneration requirements.

1. Every single employee of KLMC is entitled to a fixed salary and capped pension benefits as well as a discretionary bonus (not guaranteed), the amount (which can be nil) of which depends both on his/her individual performance in respect of the tasks he/she is assigned to and the achievement of objectives set forth at the beginning of each fiscal year and the overall performance of CRC Business Unit as a whole.
2. There is no direct relation between the total remuneration (being understood as salary, bonus and pension benefits) and the performance of the funds for which KLMC acts as management company or AIFM, as the portfolio management function is to a large extent delegated to third party investment managers or third party investment advisors.
3. The remuneration of the staff of the internal control functions is not linked to the performance of the activities they control or is determined according to other criteria which compromise the objectivity of the work carried out by the internal control functions.
4. Following the implementation of the Sustainable Financial Disclosure Regulation (SFDR) on 10 March 2021 the Company is required to include information in its remuneration policy on how the policy is consistent with the integration of sustainability risks. Portfolio management is delegated for each fund under management and as such the Company does not actively consider sustainability risks when setting the remuneration of identified staff <sup>1</sup>. However, in the event identified staff become involved in professional activities which have a material impact on the risk profiles of the funds under management the Company will ensure remuneration arrangements do not encourage excessive risk taking with respect to sustainability risks.
5. The assessment on the level of remuneration of every employee is reviewed by the Board of Directors of KLMC at least on an annual basis, taking into account the following components:
  - Labor market conditions and seniority gained (for determining the fixed salary terms)
  - Individual performance and FSCR Business Unit performance (for determining if a bonus is to be paid or not to an employee). If an employee leaves the company before the end of the performance cycle year, he/she is not entitled to any bonus.
  - Adherence to the Business Unit and overall Kroll policies in terms of risk awareness, compliance with regulations (including PA dealing) and ethics at work, as described in the staff manual, the provisions of which every staff member has adhered to when joining the company.

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<sup>1</sup> Where funds under management do not maintain a separate remuneration policy and instead rely on the Company's policy an appendix will be inserted in this policy detailing the funds approach to the integration of sustainability risk. The appendix will disclose the extent to which the fund(s) promote sound and effective risk management with respect to sustainability risks, and confirm the approach to remuneration does not encourage excessive risk-taking with respect to sustainability risks and is linked to risk-adjusted performance.

## 5. Remuneration assessment

KLMC compliance officer carries out on at least an annual basis a review of the compliance of the prevailing remuneration conditions with the principles of this policy and the overall compliance of the policy with the existing regulatory framework. This review is materialized by dashboard including an assessment onto whether the current situation is compliant or not that is afterwards validated by the Board.

The table in appendix 2 describes the annual assessment to be processed by the Compliance Officer.

## 6. Delegates

KLMC has the facility to appoint delegates to carry out portfolio management on its behalf in accordance with its delegation policy and intends to make such appointment. When delegating portfolio management KLMC will ensure that delegates are subject to regulatory requirements on remuneration that are "equally as effective" as those applicable under the ESMA Guidelines, or that appropriate contractual agreements are in place to ensure that the delegation arrangements do not circumvent the remuneration requirements.

KLMC will ensure that each delegate's remuneration policy covers, where appropriate, categories of staff at each delegate involved in the provision of portfolio management, including consideration of how remuneration policies impact investment decision-making with respect to sustainability factors<sup>2</sup>.

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<sup>2</sup> The review of delegate policies will confirm the policy promotes sound and effective risk management with respect to sustainability risks, and the approach to remuneration does not encourage excessive risk-taking with respect to sustainability risks and is linked to risk-adjusted performance.

## Appendix.1

The below table is detailing the remuneration for all "Identified Staff":

Name	Remuneration	Description
Mr Julian Korek	From Kroll based on fixed employee remuneration + discretionary bonus	Remunerated by Kroll. Remuneration linked to the global performance of the FSCR business unit
Mrs Monique Melis	From Kroll based on fixed employee remuneration + discretionary bonus	Remunerated by Kroll. Remuneration linked to the global performance of the FSCR business unit.
Mr Edward Forman	From Kroll based on fixed employee remuneration + discretionary bonus	Remunerated by Kroll. Remuneration linked to the global performance of Kroll Advisory Ltd
Mr Killian Buckley	fixed director fees as per Director Contract	Independent Director fee remunerated as per contract. No bonus, nor variable remuneration.
Mr Anil Singh	From Kroll Luxembourg based on fixed employee remuneration + discretionary bonus	Remunerated by Kroll Luxembourg. Bonus remuneration linked to the global performance of the entity
Mrs Sukh Kleir	From Kroll Luxembourg based on fixed employee remuneration + discretionary bonus	Remunerated by Kroll Luxembourg. Bonus remuneration linked to the global performance of the entity
Mr Armand Kantar	From Kroll Luxembourg based on fixed employee remuneration + discretionary bonus	Remunerated by Kroll Luxembourg. Bonus remuneration linked to the global performance of the entity
Mr Pierre Adans-Dester	From Kroll Luxembourg based on fixed employee remuneration + discretionary bonus	Remunerated by Kroll Luxembourg. Bonus remuneration linked to the global performance of the entity

## Appendix 2 – Compliance assessment table

The following items must be assessed annually

Reference to the AIFMD requirements on the remuneration	Extract of the remuneration policy mitigating the compliance risk	Status of compliance	Justification in case of non-compliance
<p>1. When establishing and applying the total remuneration policies, inclusive of salaries and discretionary pension benefits, 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 profiles of the AIFMs or of AIFs they manage, AIFMs must comply with the following principles in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:</p>			
<p>(a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, management regulations<sup>7</sup> or instruments of incorporation of the AIFs they manage;</p>			
<p>(b) the remuneration policy is in line with the business strategy, objectives, values and interests of the AIFM and the AIFs it manages or the investors of such AIFs, and includes measures to avoid conflicts of interest;</p>			
<p>(c) the management body of the AIFM, in its supervisory function, adopts and periodically reviews the general principles of the remuneration policy and is responsible for its implementation;</p>			
<p>(d) the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function;</p>			
<p>(e) staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;</p>			

<p>(f) the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee;</p>			
<p>(g) where remuneration is performance related, the total amount of 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, and when assessing individual performance, financial as well as non-financial criteria are taken into account;</p>			
<p>(h) the assessment of performance is set in a multi-year framework appropriate to the lifecycle of the AIFs managed by the AIFM in order 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 which takes account of the redemption policy of the AIFs it manages and their investment risks;</p>			
<p>(i) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year;</p>			
<p>(j) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component;</p>			
<p>(k) payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;</p>			
<p>(l) 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;</p>			
<p>(m) subject to the legal structure of the AIF and its management regulations* or instruments of incorporation, a substantial portion, and in any event at least 50 % of any variable remuneration consists of units or shares of the AIF concerned, or equivalent ownership interests, or share-linked instruments or</p>			



<p>equivalent non-cash instruments, unless the management of AIFs accounts for less than 50 % of the total portfolio managed by the AIFM, in which case the minimum of 50 % does not apply. The instruments referred to in this point shall be subject to an appropriate retention policy designed to align incentives with the interests of the AIFM and the AIFs it manages and the investors of such AIFs. This point shall be applied to both the portion of the variable remuneration component deferred in line with point (n) and the portion of the variable remuneration component not deferred;</p>			
<p>(n) a substantial portion, and in any event at least 40 %, of the variable remuneration component, is deferred over a period which is appropriate in view of the life cycle and redemption policy of the AIF concerned and is correctly aligned with the nature of the risks of the AIF in question.</p>			
<p>The period referred to in this point shall be at least three to five years unless the life cycle of the AIF concerned is shorter; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60 % of the amount is deferred;</p>			
<p>(o) the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the AIFM as a whole, and justified according to the performance of the business unit, the AIF and the individual concerned.</p>			
<p>The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the AIFM or of the AIF concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;</p>			
<p>(p) the pension policy is in line with the business strategy, objectives, values and long-term interests of the AIFM and the AIFs it manages.</p>			

<p>If the employee leaves the AIFM before retirement, discretionary pension benefits shall be held by the AIFM for a period of five years in the form of instruments defined in point (m). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined in point (m), subject to a five year retention period;</p>			
<p>(q) staff are 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;</p>			
<p>(r) variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of this Directive.</p>			
<p>2. The principles set out in point 1. shall apply to remuneration of any type paid by the AIFM, to 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.</p>			
<p>3. AIFMs that are significant in terms of their size or the size of the AIFs they manage, their internal organization and the nature, the scope and the complexity of their activities must establish a remuneration committee. The remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.</p>			

<p>The remuneration committee shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the AIFM or the AIF concerned and which are to be taken by the management body in its supervisory function. The remuneration committee shall be chaired by a member of the management body who does not perform any executive functions in the AIFM concerned. The members of the remuneration committee shall be members of the management body who do not perform any executive functions in the AIFM concerned.</p>			
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