

Remuneration Policy

Park Square Capital Luxembourg Management Services S.à r.l.

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Approved by The Board of Managers

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1 Applicable Regulations

Type	Description
Law	Law of 12 July 2013 on alternative investment fund managers
Guidelines	ESMA Guidelines on sound remuneration policies under the AIFMD: <ul style="list-style-type: none"> • ESMA/2013/232, as amended by ESMA/2016/579
Q&A	ESMA Questions and Answers on the application of the AIFMD (ESMA34-32-352)
Circular	CSSF Circular 18/698 on authorisation and organisation of investment fund managers incorporated under Luxembourg law
Regulation	Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“ SFDR ”)

2 Purpose and scope of the Policy

Park Square Capital Luxembourg Management Services S.à r.l. (the “**Company**”) is an alternative investment fund manager (“**AIFM**”) according to the Luxembourg law of 12 July 2013 on alternative investment fund managers (“**AIFM Law**”). The Company is entitled to provide portfolio management services, administration, risk management and marketing services and other activities (as described in Annex I of the AIFM Law) to different regulated and non-regulated investment vehicles. In accordance with the relevant law and regulations applicable to the Company, it may delegate certain services to third-parties or affiliates of the Company.

The following Remuneration Policy (the “**Policy**”) covers the remuneration principles for all Staff members, including those performing administrative and management functions as well as those whose professional activities have a material impact on the risk profile of the Company.

According to the AIFM Law, the Company is required to establish and implement a remuneration policy which is consistent with and promotes sound and effective risk management and discourages risk-taking which is inconsistent with the risk profiles, management regulations or instruments of incorporation of the funds it manages.

The Policy and the subsequent measures derived from it are designed to ensure that:

- it aligns with the business strategy, objectives, values and interests of the Company and the Funds or the investors of such Funds;
- it includes measures to avoid conflicts of interest;
- Staff members are appropriately compensated for the services rendered to the Company;
- Staff members are motivated to perform with the best interests of the Company and the Funds in mind; and

- remuneration is determined with a view to ensure equality and consistency across the Company and compliance with regulations and law applicable to the market in which the Company operates.

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 and incentive capital (if any); and
- any transfer of units or shares of the Funds

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

3 Delegation of activities

In instances where the Company is delegating portfolio management or another regulated activity listed under the Annex II of AIFM law, the Company will seek to ensure,

- the entities to which such regulated activities are delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the **Guidelines**; or
- appropriate contractual arrangements are put in place so that there is no circumvention of the remuneration rules set out within this Policy.

4 Proportionality principle

The Policy and the subsequent measures have been drafted to be appropriate to the Company's size, internal organisation, nature, scope and complexity of activities performed. The applicability of the proportionality principle to the Company is detailed in the table provided in Appendix II. The Company has therefore determined not to implement the following measures:

- setting up of a remuneration committee;
- payment of at least 50% of the variable component, in Instruments and subsequent retention policy;
- deferral of at least 40% of the variable part of the remuneration; and
- ex-post risk adjustment for the variable remuneration.

The Company recognises that the proportionality assessment will need to be kept under constant review to ensure its application of the proportionality principles remains appropriate as the business potentially changes..

5 Governance of remuneration

Responsibility for the governance of the remuneration principles within the Company is as follows:

The Board	The Board determines the remuneration guiding principles and approves the Policy. In addition, the Board periodically reviews the Policy's general principles and is responsible for its implementation.
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The Senior Management	The Senior Management implements the Policy according to the general principles adopted by the Board and is responsible for arranging the annual review of the Policy.
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The Company ensures that the remuneration of the Staff members is appropriate to their responsibilities, expertise, tasks and powers.

In particular, the remuneration of the persons who can have a material impact on the service provided and/or corporate behaviour of the Company, including persons who are client-facing front-office staff, sales force staff, and/or other staff indirectly involved in the provision of investment and/or ancillary services, including persons who oversee the sales force (such as line managers), financial analysts, as well as persons involved in complaints handling, claims processing, client retention and in product design and development, does not create inappropriate incentives to act against the best interests of their clients. This principle also applies to any tied agent of the Company, as the case may be.

6 Remuneration structure

The remuneration granted to all Staff members, including Identified Staff, may consist of:

- **Fixed remuneration** – a fixed salary or fees which is reviewed annually;
- **Variable remuneration** – a discretionary bonus payable annually, which remunerates personal performance and collective achievements. Long term incentive awards are another form of discretionary variable remuneration, that vest over four years, which remunerates personal performance and collective achievements.
- **Carried Interest Incentive** - this is a long-term incentive mechanism in the form of participation in the profit-sharing vehicle of the AIFs that the AIFM provides regulated and non-regulated services to.

The Company ensures that fixed and variable components of total remuneration are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration. This ensures full flexibility regarding the variable remuneration (including the possibility to pay no variable component or defer a portion into future years).

The Board members generally receive only an annual fixed remuneration fee.

The sections below provide further detail on the three types of remuneration identified above.

6.1 Fixed remuneration

For all Staff members, the fixed component of remuneration comprises the basic monthly gross salary, allowances and benefits in kind. The types of benefits in kind may include:

- luncheon vouchers;
- medical insurance plan;
- life insurance; and
- employer's contribution to pension plan.

Fixed remuneration is determined on the basis of the role of the Staff member including his responsibility and seniority in the Company, the nature of the role, performance and local market conditions. Fixed remuneration should be high enough to cover Staff members' remuneration in connection to the professional services rendered. The fixed remuneration amount should be in line with the Staff members level of education, the level of expertise and skill required, the work experience and the relevant business sector and region.

6.2 Variable remuneration

In addition to fixed remuneration, Staff members may receive, on a purely discretionary basis, a certain amount in cash bonus and long term incentive award following a performance assessment, as described hereinafter.

The measurement of performance used to calculate variable remuneration takes into account the full range of current and potential risks associated with activities undertaken. The total amount of variable remuneration is based on a combination of:

- the market rate for the role being performed;
- the assessment of the performance of the individual;
- the assessment of the performance of the business unit or AIF concerned;
- the overall results of the Company.

When assessing the individual performance, the evaluation shall be based on financial and non-financial criteria (e.g. unethical or non-compliant behaviour). The appropriate mix of both criteria can vary depending on the tasks and responsibilities of the individual Staff member.

Members of Staff are prohibited from use personal hedging strategies or remuneration - and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

The Company separately ensures that the variable remuneration of Staff engaged in control functions is linked to the achievement of their individual performance, independent of the performance of the business areas they control. Similarly, the variable remuneration of Staff members who are involved in the Company's valuation function is neither linked to the valuation of assets nor the performance of AIFs managed, ensuring there is no conflict of interest and preventing undue influence on the Staff concerned.

When assessing the performance of the Identified Staff, the Company adopts a multi-year perspective, taking into account the long-term performance of the Identified Staff member as well as the life-cycle of the Funds. Accordingly, the main performance objectives are defined on a multi-year basis.

Annually, the Company translates the results of each Staff members (including Identified Staff) performance appraisal into the variable remuneration component of his or her salary.

The Company will ensure that variable remuneration is not paid to any Staff member through vehicles or methods that facilitate the avoidance of obligations under applicable laws and regulations.

Guaranteed variable remuneration may be issued under exceptional circumstances in the context of new hires and is limited to the first year.

6.3 Carried Interest and Incentive Capital

AIFs under management of the Company may allocate and distribute carried interest and/or incentive capital to a vehicle which will belong to a pool of staff members within the Park Square Capital group assisting the Company or an affiliate entity in providing services to each AIF.

Carried interest will only be distributable in accordance to the terms prescribed in the relevant constitutive documents relating to each AIF managed by the Company and typically only when a minimum cash return has been returned to clients. This structure ensures that carried interest and incentive capital is linked to the overall performance of the AIF. This incentive scheme is used as a mechanism to align the investment risk appetite of staff within the Park Square Capital group providing services to the AIF and accordingly promotes the interests of its clients.

6.4 Other types of remuneration

In addition to fixed, variable and carried interest/incentive capital remuneration methods outlined above, the Company pays a fixed contribution towards Staff members' pension plan. The pension policy is in line with the business strategy, objectives, values and long-term interests of the Company and the AIFs it manages.

Any non-contractual payment made to a Staff member leaving the AIFM ("severance pay") should be related to performance achieved over time and designed in a way that does not reward failure.

7 Consistency of remuneration with the integration of sustainability risks

The Company considers that its performance evaluation system, which determines an individual's compensation and rewards, is consistent with the manner in which it integrates sustainability risks in its investment process. The Company requires each relevant individual to adhere to its policy and process on the integration of environmental, social and governance (ESG) obligations. In addition, the Company considers that its commitment to ESG integration as material to investment performance over the long term is aligned with its remuneration structure, which itself focuses on long term fund performance.

8 Disclosures

Sections 8.1 and 8.2 outline the external and internal disclosures made in connection to the Remuneration Policy.

8.1 External disclosure

The annual financial statements issued by the Company will contain at least the following information:

- 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 funds; or
- 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 AIF and a description of how the allocation or breakdown has been performed.

8.2 Internal disclosure

The Company ensures that the Policy is accessible to all Staff members as best practice. The Company also ensures that at least the details externally disclosed are also revealed internally.

The criteria used to determine the remuneration are communicated to each Staff member, as best practice, and the appraisal process adopted is documented and transparent.

Confidential qualitative information will never be subject to internal disclosure.

9 Document retention

The Senior Management is responsible for the retention of the following documents (electronic or hard copies):

- copies of labour agreements between the Company and its Staff
- copies of each Staff member's annual performance appraisal;
- copies of any decisions or meeting minutes relating to the calculation allocation of variable remuneration relating to Staff members; and
- copies of the assessment in relation to the list of Identified Staff.

The documents will be retained electronically in an accessible format.

10 Periodic review

The implementation of the Policy will be subject, at least once a year, to a central and independent internal review, which will be organised by the Senior Management of the Company. This periodic review shall assess if the Policy:

- is operating as intended; and
- is compliant with national and international regulations, principles and standards applicable to the sector within which the Company operates.

The outcome of the periodic review is presented to the Board and remedial action points are followed up accordingly.

Glossary

Term	Description
the Company	Park Square Capital Luxembourg Management Services S.à r.l.
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
AIFM Law	Luxembourg Law of the 12 July 2013 on AIFMs
Board	Board of Managers of the Company
Control Functions	Staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within the Company (e.g. the CFO to the extent that he/she is responsible for the preparation of the financial statements)
CSSF	<i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority
Funds	AIFs for which the Company acts as AIFM
Guidelines	ESMA Guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232, as amended)
Identified Staff	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 Company's risk profile or the risk profiles of the funds that it manages and categories of staff of the entity(ies) to which portfolio management or risk management activities have been delegated by the Company, whose professional activities have a material impact on the risk profiles of the funds that the Company manages
Instruments	Units or shares of the AIFs managed by the Company or equivalent ownership interests (including – for AIFs issuing only units – unit-linked instruments), subject to the legal structure of the AIFs concerned and their rules or instruments of incorporation, or share-linked instruments or equivalent non-cash instruments.
Policy	The present remuneration policy
Senior Management	The persons responsible for the management of the professional, authorised by the CSSF, also known as “conducting officers”