

# Remuneration Policy

Version: 3

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## 1. Introduction

Taking into account the nature, scale and complexity of the activities of Crossroads Capital Management Ltd (“**the Company**” or “**CCM**”), the Board of Directors of the Company (the “**Board**”) has put in place a remuneration policy (the “**Remuneration Policy**”) designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and outlines how it adheres to the remuneration requirements as set out in the regulations.

The Company is required to operate sound and prudent remuneration policies, practices and organisation structures which are consistent with sound and effective risk management in order to align the interests of fund managers and investors. These requirements are derived from:

- Regulation 14 and Schedule 2 of the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013) (the “**AIFM Regulations**”);
- Regulation 5 of the S.I. No. 143/2016 - European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 amending S.I. No. 352/2011 - European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (the “**UCITS Regulations**”);
- the European Securities Markets Authority Guidelines on Sound Remuneration Policies under the AIFMD (ESMA/2013/2332) (the “**ESMA AIFMD Guidelines**”)
- European Securities Markets Authority Guidelines on Sound Remuneration Policies under the UCITS Directive (ESMA/2016/575) (the “**ESMA UCITS Guidelines**”)

Insofar as there is consistency between the relevant provisions addressing remuneration under both the UCITS and AIFMD legislation and guidance, this Policy will refer to the “**Regulations**” and the “**ESMA Guidelines**” for simplicity, highlighting should key differences in the regimes materially impact the Company.

This Remuneration Policy follows prescribed principles in a way and to the extent that is appropriate to the size and internal organisation of the Company and to the nature, scope and complexity of the Company’s activities.

This document forms the written element of the Remuneration Policy for the Company and should be read in conjunction with the Company’s regulatory framework documentation and in particular the Program of Activity and Business Plan.

This Remuneration Policy reflects the Company's objective for good corporate governance and:

- is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the investment funds (“**funds**”) managed by the Company; and
- is consistent with the business strategies, objectives, values and interests of the funds managed by the Company and includes measures to avoid conflicts of interest.

The Remuneration Policy is consistent with and promotes sound and effective risk management by:

- having a business model which by its nature does not promote excessive risk taking;
- defining performance goals and objectives for employees of the Company which are aligned with the business; and
- ensuring that the fixed salary element of those involved in relevant functions reflects the market rate.

The Board of Directors of the Company (the “Board”) recognise the important role played by sound risk management in protecting its stakeholders. Moreover, the Board acknowledge that inappropriate remuneration structures could, in certain circumstances; result in situations whereby individuals assume more risk on CCM’s behalf than they would have done had they not been remunerated in this way.

This Remuneration Policy (together with Compliance herewith) is subject to an annual central and independent internal review by Mr. Rory Caldwell, the Head of Compliance, with oversight by Mr. Killian Buckley, the Designated Person with responsibility for Remuneration (“**the Designated Person**”), and is presented to the Board for approval. Given the limited nature, scale and complexity of the Company's activities, the Remuneration Policy is not be subject to an external, independent review. The review by the Head of Compliance, with oversight by the Designated Person will ensure that –

- the overall remuneration system operates as intended;
- the remuneration pay-outs are appropriate;
- the risk profile, long term objectives and goals of the AIF are adequately reflected; and
- the policy reflects best practice guidelines and regulatory requirements.

The Head of Compliance, the Designated Person and the Board will take appropriate measures to address any deficiencies identified in the Remuneration Policy.

The Remuneration Policy reflects the Company's alignment of the long term interests of the Company, its employees, secondees and clients. In addition, it ensures that:

- the Company is able to attract, develop and retain high-performing and motivated employees / secondees in a competitive, international market;
- employees / secondees are offered a competitive remuneration package; and
- employees / secondees feel encouraged to create sustainable results in line with the long term interests of the Company and its clients

This Remuneration Policy focuses on promoting sound and effective risk management through a stringent governance structure for setting goals and communicating these goals to employees and secondees, incorporating measures to avoid conflicts of interest, including both financial and non-financial goals in performance and result assessments and making non-performance related remuneration the main remuneration component.

The Company's policy is to pay all Identified Staff (as defined below) a fixed component representing a sufficiently high proportion of the total remuneration of the individual to allow the Company to operate a fully flexible policy, with the possibility of not paying any variable component. Where any variable remuneration is paid by the Company to its Identified Staff the provisions of the Remuneration Policy Guidelines (outlined below) will apply.

No variable remuneration is paid to any member of the Board. The fixed fee of the independent Directors are commercially negotiated. Mr. Noel Ford, as the independent non-executive Chairman of the Board will receive a fixed fee of €25,000 per annum. The other Board members, namely Mr. Donnacha Loughrey and Mr. John Bohan have permanently waived their right to receive any fee (either fixed or variable) for acting as a Director until a time at which CCM is profitable (achieving earnings before interest, taxes, depreciation and amortization ("EBITDA") of €100,000 or greater) and in a financial position to pay out a fixed fee.

## 2. Categories of Staff Covered

The risk alignment provisions in the ESMA guidelines apply only to Identified Staff (as defined below). It is primarily the responsibility of the Company to decide the categories of staff whose professional activities have a material impact on the risk profile of the Company or the AIF to which it is appointed as AIFM.

Currently, the staff whose compensation falls under the provisions of the ESMA Guidelines include all members of the governing body of the Company (i.e. the Directors, namely Mr. John Bohan (Head of Operations), Mr. Donnacha Loughrey (Managing Director and Head of Investments) and Mr. Noel Ford (Independent Non-Executive Chairman)) and Mr. Rory Caldwell (Head of Compliance), Mr. Gavin Timlin (Chief Risk Officer), Mr. John Stokes (Portfolio Manager) and the Designated Persons acting as secondees to CCM, Mr. Alan Thomas and Mr. Killian Buckley (the "**Identified Staff**").

Furthermore, categories of staff of the entities to which portfolio management activities have been delegated by CCM ("Affected Delegates") whose professional activities have a material impact on the risk profiles of the AIFs also constitute Identified Staff. The Affected Delegates, at the initial due diligence stage and regularly (at least annually) thereafter, confirm that their Remuneration policies are equivalent in effect to the Regulations and ESMA Guidelines and provide updates to their lists of Identified Staff to CCM.

This Remuneration Policy covers all forms of payments or benefits (to include pension and other similar specific benefits) paid by the Company and any amount paid by the AIF itself, including carried interest and any transfer of shares of the AIF, in exchange for professional services rendered by the Identified Staff.

All remuneration is categorised as either fixed remuneration or variable remuneration.

The Board is satisfied that the Company's remuneration policies and practices for the Identified Staff (whose activities may have a material impact on the risk profiles of the Company) are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the Company.

### **3. Types of Remuneration subject to the ESMA Guidelines**

Under the Regulations, remuneration consists of all forms of payments or benefits paid by the Company in exchange for professional services rendered by Identified Staff, including:

- any amount paid by an fund, including carried interest but excluding payments made by an AIF to the benefit of Identified Staff to the extent the amount represents a pro rata return on any investment made by those staff members into the relevant fund;
- any transfer of units or shares of the fund; and
- other compensation for services, including forgivable loans, pension contributions and non-monetary payments.

Whenever payments, excluding reimbursements of costs and expenses, are made directly by a fund to the Company for the benefit of Identified Staff for professional services rendered, which may otherwise result in a circumvention of the relevant remuneration rules, they should be considered remuneration for these purposes.

Ancillary payments or benefits that are part of a general, non-discretionary, company-wide policy of the Company and pose no incentive effects in terms of risk assumption can be excluded from this definition of remuneration for the purposes of the specific risk alignment remuneration requirements.

Dividends or similar distributions that Mr. John Bohan receives as owner of the Company are not categorised as remuneration for these purposes unless the material outcome of such dividends results in a circumvention of the relevant remuneration rules.

An investment by a member of Identified Staff into a fund must be represented by an actual cash disbursement; any loans granted by the Company to the Identified Staff member which is subsequently invested by that staff member in a fund does not qualify as an investment and any related profit is considered compensation under the Regulations.

The Company ensures that variable remuneration is not paid through vehicles or that methods are employed which aim at artificially evading the provisions of the Regulations and ESMA Guidelines. The Board has the primary responsibility for ensuring that the ultimate goal of having sound and prudent remuneration policies and structures is not improperly circumvented. Circumstances and situations that may pose a greater risk under this perspective may be: (i) the conversion of parts of the variable remuneration into benefits that normally pose no incentive effect in respect of risk positions; (ii) the outsourcing of professional services to firms that fall outside the scope of the Regulations; (iii) the use

of tied agents or other persons not considered “employees” from a legal point of view; (iv) transactions between the Company and third parties in which the risk takers have material interests; (v) the setting up of structures or methods through which remuneration is paid in the form of dividends or similar pay outs (e.g. improper use of performance fees); and (vi) non-monetary material benefits awarded as incentive mechanisms linked to the performance.

Having regard to the limited nature, scale and complexity of the Company's operations, the Board considers that the approach to performance-based pay, as outlined above, is appropriate and reflects the risk profile, appetite and strategy of the Company and the funds under management.

## **4. Roles and Responsibilities**

The Compliance function of the Company monitors compliance with the Remuneration Policy on an on-going basis and ensures it is in compliance with applicable requirements. At least once a year, the Compliance function submits a report on the Remuneration Policy to the Board for its review and consideration. The Board will assess whether the Remuneration Policy is operating as intended. Any recommended adjustments to the Remuneration Policy will also be submitted for consideration by the Head of Compliance and the Designated Person.

The Compliance function briefs all members of the Board and prepares the Board for its dealings with remuneration issues. The Designated Person, the Head of Compliance and ultimately the Board is responsible for approving the Remuneration Policy and any amendments thereto. In approving the policy the Designated Person and the Board take into account the long term interests of shareholders, investors in the fund and other stakeholders in the Company. The Chairman who is an independent non-executive director is always be the chair when the Board are discussing remuneration issues.

Each employee will have an annual performance and appraisal interview with their direct manager. At this interview the manager will evaluate and document performance and set new, documented goals. Any decisions on adjustment of the employee’s non-performance related or on performance related remuneration are made on the basis of this meeting.

## **5. Variable Remuneration**

Variable remuneration is an important tool to incentivise staff. It also gives the Company flexibility such that, in years where the Company performs poorly, variable remuneration may be reduced or eliminated and the capital of the Company can be preserved. In some circumstances, however, variable remuneration, if inappropriately structured, can lead to excessive risk taking as employees may be incentivised to keep taking risks to maintain or increase their variable remuneration.

In deciding the mix between fixed and variable remuneration of Identified Staff, the Company is mindful of the need to ensure that the basic (fixed) pay of staff is adequate to remunerate the professional services rendered taking into account, inter alia, the level of education, the degree of seniority, the level and expertise and skills required. Variable remuneration allows the Company to reduce the risk that its capital base is eroded due to the need to pay fixed remuneration costs should trading revenues decline. For these reasons, the Company's ratio of variable pay to fixed pay may be higher than other businesses with more steady income streams.

## 6. Remuneration Policy Guidelines

1. When establishing and applying the total remuneration policies, inclusive of salaries and discretionary pension benefits, for those categories of staff, 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 Company or of any fund which it manages, *the Company shall 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:*
  - (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, rules or instruments of incorporation of the fund it manages;
  - (b) the Remuneration Policy is in line with the business strategy, objectives, values and interests of the Company and the fund which it manages or the investors of such funds, and includes measures to avoid conflicts of interest;
  - (c) the Board, in its supervisory function, adopts and periodically reviews the general principles of the Remuneration Policy and is responsible for its implementation;
  - (d) the implementation of the Remuneration Policy is, at least annually, subject to central and independent internal review by the Board for compliance with policies and procedures for remuneration adopted by the Board;

- (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;
- (f) the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee, if established, and otherwise by the Board;
- (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 fund concerned and of the overall results of the Company, and when assessing individual performance, financial as well as non-financial criteria are taken into account;
- (h) the assessment of performance is set in a multi-year framework appropriate to the life-cycle of the fund managed by the Company 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 funds it manages and their investment risks;
- (i) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year;
- (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;
- (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;
- (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;

- (m) subject to the legal structure of the relevant fund and its rules or instruments of incorporation, a substantial portion, and in any event at least fifty per cent (50%) of any variable remuneration consists of units or shares of the fund concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments, unless the management of the fund accounts for less than fifty per cent (50%) of the total assets managed by the Company in which case the minimum of fifty per cent (50%) does not apply. The instruments referred to in this subparagraph shall be subject to an appropriate retention policy designed to align incentives with the interests of the Company and the fund which it manages and the investors of such fund. The Central Bank may place restrictions on the types and designs of those instruments or prohibit certain instruments as appropriate. This subparagraph shall be applied to both the portion of the variable remuneration component deferred in line with subparagraph (n) and the portion of the variable remuneration component not deferred;
- (n) At least forty per cent (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 fund concerned and is correctly aligned with the nature of the risks of the fund in question. The period referred to in this subparagraph shall be at least three (3) to five (5) years unless the life cycle of the fund 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 sixty per cent (60%) of the amount is deferred;
- (o) The variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Company a whole, and justified according to the performance of the business unit, the fund and the individual concerned. The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Company or of the fund concerned occurs, taking into account both current compensation and reductions in pay-outs of amounts previously earned, including through malus or clawback arrangements;
- (p) Any pension policy is in line with the business strategy, objectives, values and long-term interests of the Company and the funds under management. If the employee leaves the Company before retirement, discretionary pension benefits shall be held by the Company for a period of five (5) years in the form of instruments as set out in subparagraph (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 subparagraph (m), subject to a five (5) year retention period;

(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;

(r) Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the Regulations.

2. The principles set out in paragraph (1) above shall apply to remuneration of any type paid by the Company, to any amount paid directly by the relevant fund itself, including carried interest, and to any transfer of units or shares of the fund, 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 funds that it manages.
3. A fund management company (“fund manager”) that is significant in terms of its size or the size of the alternative investment funds it manages, its internal organisation and the nature, the scope and the complexity of its activities shall 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.

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 fund manager or the fund 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 fund manager concerned. The members of the remuneration committee shall be members of the management body who do not perform any executive functions in the fund manager concerned

4. The Company does not impose a limit with regard to variable compensation versus fixed compensation. However, the Company’s policy is to pay all staff a fixed component representing a sufficiently high proportion of the total remuneration of the individual to allow the Company to operate a fully flexible policy, with the possibility of not paying any variable component. Where the Company pays its staff performance related pay the relevant requirements outlined in subparagraphs (a) to (r) of paragraph (1) above will apply. The variable remuneration components

will be combined to ensure an appropriate and balanced remuneration package that reflects the employee's rank and professional activity as well as best market practice.

## 7. Disapplication of certain provisions of the ESMA Guidelines

Taking into account its size, internal organisation and the nature, scope and complexity of its activities, the Board has dis-applied the following requirements of the ESMA Guidelines:

- variable remuneration in instruments;
- retention;
- deferral;
- ex post incorporation of risk for variable remuneration (together, with the immediately foregoing bullet points, the **Pay-out Process Rules**); and
- the requirement to establish a remuneration committee.

In deciding to dis-apply the above provisions, the Board has taken into account the following considerations in relation to proportionality, insofar as they relate to the Company and its activities and the funds under management.

### 7.1. Size

The Board does not consider that the investment strategies of the funds for which CCM acts as fund manager are complex, the funds under management predominantly have relatively low risk profiles and long-term investment objectives and predominantly low levels of leverage. CCM has a risk management framework in place to effectively manage the portfolio risks of the funds under management. Seven funds under management collectively account for approximately €240 in AUM.

The Company is established as a private, limited company, which is wholly owned by John Bohan. It has 5 members of staff, (excluding its Directors). These are Ms. Emer Riley (Finance), Mr. Rory Caldwell (Head of Compliance), Mr. Gavin Timlin (Chief Risk Officer), Mr. Conor Glueck (Portfolio and Risk Administrator), and Mr. John Stokes (portfolio manager). The Company also has two secondees, Mr. Alan Thomas and Mr. Killian Buckley, no subsidiaries and no branches and its assets under management do not exceed €1.25 billion. . The Board considers that this level of activity and level of assets under management warrants a proportionate application of the remuneration rules.

### 7.2. Internal Organisation

As the Company is structured as a private limited company it will not be listed on any regulated market or exchange. The current number of employees, secondees and Directors (outlined in the preceding paragraph) is far below 50. The organisational structure is not complex with clear reporting lines in place. Please refer to the organisation chart in Section 2.2 of this document.

### 7.3 Nature, scope and complexity of the activities

In addition the following factors are of relevance:

- The Company is currently authorised under the Regulations to carry out collective investment management, and a limited level of marketing, of the funds to which it has been appointed as fund manager. Currently the funds under management are predominantly domiciled in Ireland. The investment strategies of the funds are not complex, the funds under management predominantly have relatively low risk profiles, long-term investment objectives, low levels of levels of leverage and low-frequency trading. CCM has a risk management framework in place to effectively manage the portfolio risks of the funds under management;
- The nature, scope and complexity of CCM's activities is very limited. CCM does not manage discretionary segregated mandates (individual portfolio management), perform investment advisory mandates, or engage in the reception and transmission of orders, nor does it trade on its own account. It has delegated the activities relating to fund accounting and maintenance of the shareholder register, in addition to the portfolio management function for certain funds to third parties that specialise in the particular investment strategies and asset classes.

### 7.4 Remuneration Committee

The Board considers that the Company is not currently sufficiently significant in terms of its size, internal organisation or the nature, scope and the complexity of its activities to warrant the establishment of a remuneration committee for the purposes of the ESMA Guidelines.

In reaching this decision the Board has taken the following considerations into account:

- the Company is not a listed entity;
- the number of Identified Staff within the Company (outside of its Board) is currently five comprising of the Head of Compliance, Chief Risk Officer, a Portfolio Manager and two secondees;
- the Company's assets under management are significantly less than €1.25 billion;; and
- The Company is not seeking any authorisation to perform individual portfolio management of segregated mandates or to provide non-core services (investment advice, administration and safe-keeping of assets and reception and transmission of orders).

The Board is satisfied that:

- the Company complies with the Regulations and the ESMA Guidelines in a way and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities; and

- the disapplication of the Pay-out Process Rules and the requirement to establish a remuneration committee is reconcilable with the risk profile, risk appetite and the strategy of the Company and the funds under management.

The Board reviews the foregoing arrangements on an annual basis and acknowledges that as the Company's activities expand and as it grows in size, that it may be appropriate to apply the foregoing provisions in part or in full at a later date.

## 8. Delegation

The Company may delegate certain portfolio management functions and certain risk management functions to sub-investment managers of the funds under management

In such circumstances and in accordance with the ESMA Guidelines, when delegating certain portfolio management and certain risk management activities, the Company must use its best efforts to ensure that:

- (1) the entities to which certain portfolio management and certain risk management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines (which would include entities which are subject to the remuneration requirements under either MiFID or CRD and non-EU firms which are subject to group remuneration policies that are equally as effective as MiFID or CRD); or
- (2) appropriate contractual arrangements are put in place with entities to which certain portfolio management and certain risk management activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the Regulations and the ESMA Guidelines; these contractual arrangements should cover any payments made to the delegates' Identified Staff as compensation for the performance of portfolio or risk management activities on behalf of the Company.

The Company must either be satisfied that: (A) the relevant sub-investment managers are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the Regulations and the ESMA Guidelines; or (B) the Company imposes a contractual obligation as described in (2) above on the relevant sub-investment manager in relation to the fund to which the Company is appointed as fund manager under the terms of the sub-investment management agreement between the Company and the relevant sub-investment manager, where the relevant sub-investment manager is not subject to regulatory requirements on remuneration that are equivalent or equally effective as those applicable under the Regulations and the ESMA Guidelines (the **Affected Delegates**).

The Company also imposes a contractual obligation on the Affected Delegates under the relevant delegate agreement to provide for a written remuneration policy which reflects the relevant requirements set out in (a) to (r) of paragraph (1) under the sub-heading **Remuneration Policy** above.

Under the terms of the relevant delegate agreement, each Affected Delegate is required to provide the following representation and warranties:

- that its remuneration practices are not structured so as to circumvent the aforementioned requirements;
- that its policy is to pay all staff a fixed component representing a sufficiently high proportion of the total remuneration of the individual to allow the investment manager delegate to operate a fully flexible policy, with the possibility of not paying any variable component;
- That its policy is in line with the business strategy, objectives, values and long-term interests of the portfolio manager and its clients.

Each Affected Delegate is required to provide the Company with a copy of its written remuneration policy and to keep the Company informed of any changes to it, including material changes to its Identified Staff, in addition to any material contraventions of the regulations.

The Company seeks reasonable assurances on an annual basis that the Affected Delegate's remuneration policy is implemented on an on-going basis in accordance with the foregoing provisions.

The Company notes that the variable remuneration in instruments requirement of the ESMA Guidelines does not apply where the fund in question comprises less than 50 per cent (50%) of a fund manager's total assets under management. As such, the Company considers that insofar as the Affected Delegate does not invoke proportionality to satisfactorily dis-apply such requirement it should not apply in the case of an Affected Delegate where the fund to which it has been appointed accounts for less than 50 per cent (50%) of the Affected Delegate's assets under management.

Where permitted under the Regulations and having regard to the ESMA Guidelines, the Company adopts a similar approach to the application of the principle of proportionality to its Affected Delegates as it does to the Company's remuneration of its own Identified Staff.

Under the Regulations, the Company is required to adopt separate remuneration arrangements for each fund to which it is appointed as fund manager. When reviewing the remuneration arrangements of an Affected Delegate, factors which the Board will take into account when considering whether the Pay-out Process Rules and the requirement to establish a remuneration committee may be dis-applied by the Affected Delegate on the grounds of proportionality will include the number of staff employed, the number of funds managed and strategies used, whether the Affected Delegate is listed, traded or owned by its partners, the nature of certain fee structures, such as carried interest and performance fees and the nature of the delegation arrangements between the Company and the Affected Delegate.

In general, the Board is satisfied that when conducting its due diligence there will be a working presumption that the Affected Delegate is entitled to dis-apply certain Remuneration provisions on

the basis of proportionality where the majority of the following conditions are met or in circumstances, not outlined below, where there are other substantive reasons why proportionality should be applied:

- the Affected Delegate is a relatively small organisation, typically having fewer than 50 staff, having no subsidiaries and no branches;
- it is not a listed entity and in the case of a partnership is majority owned by its partners;
- its activities are primarily third party investment management and distribution of funds;
- its assets under management are less than €1.25 billion; and
- the risk profile of the fund under management by the Affected Delegate is relatively low and the investment strategy is not complex;

The Affected Delegates must comply with the same requirements as the Company in adopting its approach to the application of the principle of proportionality to its remuneration framework. In this regard the Company will amend this Remuneration Policy to reflect those obligations which the Affected Delegates do not dis-apply and the factors taken into consideration in reaching this determination.

## **9. Remuneration of Risk and Compliance**

The remuneration of the risk management function and compliance function reflects the achievement of the objectives linked to those functions, respectively, independently of the performance of the business areas which they monitor.

The Company is satisfied that the method of determining the remuneration of the risk management and compliance functions does not compromise their independence or affect their objectivity and is not likely to do so as their remuneration is not linked in any way to the performance of the funds to which the Company is appointed as fund manager. The remuneration of the risk function and the compliance function will be overseen by the Designated Person and ultimately the Board.

## **10. Internal Governance Arrangements Applying to Remuneration Policy**

The Board considers that the Company is not currently sufficiently significant in terms of its size, internal organisation or the nature, the scope and the complexity of its activities to warrant the establishment of a remuneration committee for the purposes of the ESMA Guidelines.

The Head of Compliance, the Designated Person and ultimately the Board are responsible for overseeing the central and independent review of the implementation of the remuneration policies and practices.

The Board is 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. The Board is responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk management and financial control of the Company and the funds under management.

The Remuneration Policy has been approved by the Board and the Board is ultimately responsible for its implementation. Any amendments to the Remuneration Policy are subject to the prior approval of the Board.

## **11. Disclosure of Remuneration**

The Company has arrangements in place to comply with the disclosure requirements set out in the Regulations. It also obtains required information from the Affected Delegates for this purpose.

## **12. Deviation from the Remuneration Policy**

The Board may deviate from this Remuneration Policy in individual cases if justified by extraordinary circumstances. The Head of Compliance, the Designated Person and the Board shall carefully consider the appropriateness of such deviation and monitor the consequences.

In the case of a new hire by the Company, the Chief Executive Officer, in conjunction with the Head of Compliance, will ensure that the terms offered to such new staff are consistent with the Company's Remuneration Policy. Where such terms are in the Chief Executive Officer's opinion (acting upon the advice of the Head of Compliance) clearly in compliance with the Company's Remuneration Policy, then the Designated Person will not be notified.

Where an Identified Staff member is being employed by the Company and the terms offered by the Company to such person are not in compliance with the Remuneration Policy (whilst being in compliance with the requirements of the Regulations and the ESMA Guidelines), the offer of such terms are notified to the Designated Person and subject to the prior approval of the Board.

## **13. Periodic and Exception Reporting**

The Affected Delegates provide periodic confirmations to the Board that its remuneration policies and practices are in line with the Regulations and the ESMA Guidelines.

Circumstances where an exception report will be required include the following:

- Any material issues arise in relation to the Affected Delegates' remuneration policies and practices between the regular annual reports which could impact on the fund(s).

The Affected Delegate must also notify the Company of any material changes to its Identified Staff, material changes to its Remuneration Policy or contraventions of such Policy or applicable Regulations.

## **14. Circumstances where Action is required**

If, following an annual or other review of the levels of adherence to the Remuneration Policy, it transpires that the Company is not fully compliant with the principles set out therein, corrective action may be required. Such corrective action may include possible revision of the level of remuneration payable to the staff concerned.

If a review of Remuneration Policy identifies any non-compliance with the ESMA Guidelines or the Regulations, a re-statement of the Remuneration Policy may be the appropriate course of action. Any such re-statement will be subject to the prior approval of the Head of Compliance, the Designated Person and the Board.

Where any other issue arises in relation to the Company's remuneration policies and practices (or those of the Affected Delegates), the Head of Compliance or Designated Person will either table the matter for discussion at the next quarterly board meeting of the Company or, where the issue is material or time sensitive, follow the Escalation Procedures outlined in the Company's Programme of Activities.

## Appendix 1 Version Control of the Policy

Version of the Policy	Updated by:	Date:
Rewrite of the policy v1.0	Rachel Woolley	12/10/2016
Review of the policy v2.0	Rory Caldwell	16/11/2017
Review of the policy v2.1 – edits to include UCITS updates	Rory Caldwell	15/05/2018