
REMUNERATION POLICY

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Version: 1

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1 Scope of the Policy

The Remuneration Policy provides a clear direction and policy regarding the Telios Investments S.a.r.l (the “Company”) remuneration structure and practices consistent with the principles in AIFM Directive (Directive EU 2011/61/UE) as well as article 5 of the Disclosure Regulation (Regulation EU 2019/2088) on the transparency of remuneration policies. While the general provisions apply to all employees, some elements of the policy are applicable only to certain identified staff.

The Board of Directors recognise the importance of the role played by sound risk management in protecting its stakeholders. Moreover, the Board acknowledges that inappropriate remuneration structures could, in certain circumstances, result in situations whereby individuals assume more risk than necessary.

The Policy takes into account the nature, scale and complexity of its business, the type of Client, the type of investments, the investment strategies, the investment location, the distribution model and investor base. Due consideration is also given to the resources available within the Company and the resources and expertise of the various third parties engaged to support the company and carry out certain functions in its behalf.

Although there is no Remuneration Committee in place, it is important to note that the ultimate responsibility for the oversight of compliance with this Remuneration Policy ultimately rests with Board of Directors.

The key areas of the Policy seek to identify individuals whose professional activities have a material impact on the risk profiles of the Company and the clients it manages including: i) Board of Directors of the Company; ii) Senior Management. Other staff that are considered risk takers whereby all staff members whose professional activities either individually or collectively can exert material influence on the risk profiles of the Company.

The Board approves the list of identified staff annually and individuals are notified of their identification and the implications of this status. It then takes into account the link between pay and performance for these individuals, which is based on a number of factors including but not limited to, the performance of the client, the overall results of the Company and the employee’s commitment to the team.

2 Objectives

Telios Investments’ remuneration policy has been designed to:

- Ensure alignment between the behaviour of its employees and the objectives values and interests of the Company, the funds being advised and the business, the strategies for sustainability and Environmental, Social, & Corporate Governance (“ESG”), impact objectives, the shareholders and all other stakeholders;
- Focus on performance-related pay, at both a corporate and an individual level, tempered by an emphasis on ensuring that performance is not achieved by taking risks which fall outside the Company’s and the Company’s clients risk appetite and dissuade any risk-taking that is deemed excessive or unacceptable by the Company;
- Be consistent with the business strategies, objectives, values and interests of the funds under management and incorporate measures to avoid conflicts of interest; and
- Offer fixed remuneration and award incentives which are reasonable and competitive within the investment advisory/management sector.

The policy is consistent with sound and effective risk management and does not encourage excessive risk-taking which may bring financial or sustainability risks.

3 Remuneration in relation to Sustainability Risks

In accordance with the Company's ESG Policy there are no incentives to engage in investments which pose sustainability risks.

4 Remuneration Structure

The remuneration takes a form of:

- **Fixed remuneration**, which is determined based on the role of the individual employee, including professional experience, qualifications, responsibility, job complexity, and local market conditions
- **Discretionary variable remuneration**, which may be performance-related and is paid at the Company's discretion. It motivates and rewards employees in their specific roles and is based on a combination of the individual employee's performance and the overall performance the company. It incorporates measures to avoid conflicts of interest, including both financial and non-financial goals in performance and result assessments. It enables the firm to meet its long-term objectives, including in relation to profitability, sustainability, shareholder value, alignment with the interest of investors in the funds being advised, statutory and regulatory obligations.
- The optional variable remuneration may also take the form of a discretionary bonus or of a share of the profits generated by the fund being advised (**Carried Interest**), usually deferred to the maturity of the fund, to align interests with investors over the entire time horizon of the investments, promoting a sound and effective risk management system.

Variable remuneration includes both individual and firmwide business objectives, where applicable, designed to promote the long-term performance of the business and meet sustainability and ESG objectives. Telios believes that rewarding staff for their contribution is key to recruiting and retaining a talented workforce and to encourage them to produce sustainable results in line with the long-term interests of the firm and of the investors. The level of payment of variable remuneration may be adjusted to the extent these objectives are achieved.

5 Performance Measurement

The measurement of performance, as a basis for variable remuneration, shall include:

- the performance of the employee considering both financial and non-financial criteria,
- an adjustment for exposure to current and future risks, meeting sustainability and ESG objectives, and
- may include deferred components and/or clawback provisions aligned with the underlying business risk profile, time horizon and the activities and responsibilities of the individual employee.

The implementation of the policy considers the size and internal organization of the Company, as well as the nature and complexity of its activity. The board of directors is responsible for ensuring that the overall remuneration policy and framework is consistent with the strategic objectives of the firm and of the funds being advised and takes account of risk management implications.

Any breaches of the remuneration policy shall be reported to the board. If remuneration policies and procedures are not being adhered to, the details shall be brought to the board's attention by the managing directors of the company or by compliance. Following a review of the issue, the board shall determine the best course of action and monitor on its implementation.

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