



Remuneration Policy

BlueOrchard Asset Management (Luxembourg) SA



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INTERPRETATION

In addition to the terms defined elsewhere in the Remuneration Policy, the following words shall have the following meaning:

Base Salary means the contractual gross base compensation (paid monthly for Employees) in exchange for professional services, at the exclusion of other components of the Fixed Remuneration as well as (guaranteed) Variable Remuneration.

BlueOrchard means BlueOrchard Finance and all its affiliates including BlueOrchard Asset Management (Luxembourg) S.A.

BOAM or Company means BlueOrchard Asset Management (Luxembourg) S.A.

Board means the Board of Directors of BlueOrchard Asset Management (Luxembourg) S.A.

Conducting Officers means the persons authorized by the CSSF to conduct the business of the Company, who, as the case may be, can be Employees.

Employees mean the Staff Members bound to the Company by means of an employment contract.

Fixed Remuneration means all contractually agreed Remuneration that is not linked to performance, and for the avoidance of doubt, which excludes guaranteed Variable Remuneration and contractually agreed severance payments.

Group means the Schroders Group

Identified Staff means the Staff Members of the Company who can exert a material influence on the Company's risk profile or on the AIFs it manages.

Staff Member(s) means the Company's workforce including the members of the Company's Board of Directors, irrespective of the nature of their relationship with the Company.

Total Remuneration means all forms of awards, payments or benefits paid in exchange for professional services rendered by Staff Members as consideration for the carrying out of their duties pertaining to the Company.

Variable Remuneration means Remuneration consisting of awards, payments or benefits based on performance, or in certain cases, other contractual criteria.



1 INTRODUCTION

1.1 LEGAL FRAMEWORK

BlueOrchard Asset Management is an investment fund manager whose only business is the management of alternative investment funds. BOAM is authorized by the *Commission de Surveillance du Secteur Financier* to act as

- a management company in accordance with Chapter 16 of the Law of 17 December 2010 relating to undertakings for collective investment
- an alternative investment fund manager according to the Luxembourg law of 12 July 2013 relating to alternative investment managers

The Remuneration Policy complies with the general compensation principles and requirements under:

- Directive 2011/61/EU – Annex II AIFMD as implemented by the Luxembourg law of 12 July 2013 in particular Annex II: Remuneration Policy
- the ESMA guidelines on sound remuneration policies under AIFMD

and will evolve together with any other laws, regulations, administrative circulars and guidelines that may apply from time to time to the Company (together the “Applicable Laws”).

1.2 SCOPE

This Remuneration Policy applies to all Staff Members of the Company, with a specific focus on Identified Staff, as listed in Annex I.

The Company is part of the Schroders Group and therefore applies the Schroders Group Remuneration Framework (the “Group Policy”). In case of discrepancies between the Group Remuneration Policy and the Policy, the latter shall prevail.

1.3 REMUNERATION PHILOSOPHY

The remuneration policies and practices are geared towards

- promoting the Group’s values of integrity, excellence, innovation, passion and teamwork
- supporting a performance culture that is based on merit, and differentiates and rewards excellent performance, both in the short and long term
- balancing the mix of Fixed Remuneration and Variable Remuneration to appropriately reflect the value and responsibility of the role performed day to day, and to influence appropriate behaviours and actions
- being in line with BOAM’s business strategy, objectives, values, and interests and aligned with the interests of the managed funds and their investors



- taking into account the long-term performance of BOAM and BlueOrchard in order to create sustainable value for the Company's stakeholders

BOAM is committed to responsible compensation practices. The need to reward the Company's Staff Members fairly and competitively based on performance is balanced with the requirement to do so within the context of principled behaviour and actions. Compensation shall contribute to the achievement of the Company's objectives in a way that does not encourage excessive risk-taking or the violation of Applicable Laws.

1.4 NATURE OF THE RELATIONSHIP BETWEEN THE COMPANY AND THE STAFF MEMBERS

Nothing contained in this Remuneration Policy shall be construed or have effect as giving rise to an employment relationship of employer and employee where a specific employment contract has not been concluded with the Staff Member. By no means shall this Remuneration Policy be used to alter the nature of the relationship existing between the Staff Member and the Company.

1.5 GOVERNANCE

BOAM's Board of Directors is the supervisory and governing body for remuneration policies and practices within the Company. The Board ensures an annual review of the Remuneration Policy, its compliance with Applicable Laws and its implementation within BOAM. Once a year, the Board of Directors identifies Staff Members who may take material risks. This includes amongst other members of the Board of Directors and the Conducting Officers, as well as control functions.

The Group has established a remuneration committee. The purpose of this committee is to define the principles of the remuneration at the level of the Group, to oversee the remuneration governance framework and to ensure that remuneration arrangements are consistent with effective risk management.

In application of the proportionality principle, no separate remuneration committee is established within BOAM.

1.6 COMPLIANCE AND INTERNAL AUDIT

The Group's compliance function assesses and controls the implementation of the Remuneration Policy, in cooperation with BOAM's compliance and internal audit functions. As part of standard procedure, compliance and/or internal audit functions may conduct reviews of compensation to ensure that the Remuneration Policy standards, external regulations, and internal guidelines and practices are adhered to and consistently followed in practice.

2 REMUNERATION

2.1 REMUNERATION PRINCIPLES

Within the remuneration framework the Company

- constantly maintains a remuneration policy that is consistent with and promotes sound and effective risk management and does not encourage risk taking.



- ensures that the Remuneration Policy is in line with the business strategy, objectives, values and interests of the Company, the AIFs it manages and the underlying investors.
- avoids or at least mitigates conflicts of interests and implement any necessary measures to keep this commitment.
- compensates control functions in accordance with the objectives linked to their function, independent of the business areas that they control.
- keeps guaranteed Variable Remuneration, if ever paid, exceptional, only in the context of hiring new Staff Members and limited to the first year of employment.
- ensures that payments relating to the early termination of a contract beyond the legal requirements are justified based on reasonable grounds, designed in a way that does not reward failure but instead reflect performance achieved over time.
- maintains an appropriate balance between the Fixed Remuneration and the Variable Remuneration and ensure that the Fixed Remuneration represents a sufficiently high proportion of the Total Remuneration. The balance between the fixed and variable component of remuneration shall be reasonable and not encourage excessive risk taking.
- enables vesting of Variable Remuneration only if it is sustainable according to the financial situation of the Company as a whole; depending on the financial situation, Variable Remuneration can be contracted, even down to zero.
- ensures that the Variable Remuneration takes into account all current and future risks and is based on the performance of the Staff Member, the business unit and the AIFs managed and the overall results of the Company.
- ensures the prohibition of vehicles or methods which aim at artificially evading the remuneration regulations.
- applies claw backs if and where appropriate, including in case of evidence of misbehaviour or serious error, significant downturn in the financial performance of the Company and/or the AIFs, significant failure of risk management, significant changes in the Company's overall financial situation.
- promotes sound and effective risk management with respect to sustainability risks. BOAM also considers the effect of potential conflicts of interest on remuneration in a way that is consistent with the integration of sustainability risk, including (but not limited to), any activities that give rise to greenwashing, misselling, or misrepresentation of investment strategies.

2.2 PROPORTIONALITY

Given the size, structure and activity of the Company, BOAM considers that it can benefit from the proportionality principle as set out pursuant to Applicable Laws. Therefore, BOAM does not apply the requirements on variable remuneration in instruments and - up to a certain threshold - deferral, as well as the establishment of a separate remuneration committee.



2.3 IDENTIFIED STAFF

In accordance with ESMA guidelines the Company categorizes the following employees as Identified Staff:

- Member of the Board of Directors of the Company
- Conducting Officers of the Company
- Control functions
- Other Staff Members whose professional activities exert material influence on the Company's or managed funds' risk profile. The assessment is done on a case-by-case basis based on the decision-making power of the Staff Member and its possible influence on the performance of the company's or managed funds performance.

2.4 FIXED AND VARIABLE REMUNERATION

Staff remuneration is comprised of fixed remuneration, which does not vary with performance, and variable remuneration, which is performance related. The fixed and variable components of remuneration are appropriately balanced to allow a fully flexible approach to variable remuneration, including the possibility of paying zero variable remuneration.

Fixed pay is principally comprised of salaries or fees. All individuals receive either a salary (for employees) or fees (for directors) that reflect their responsibilities and the level of experience and expertise needed to undertake their roles.

Salaries and fees are paid in cash via payroll. Salaries are reviewed annually. The financial situation of the firm, and the market value of each role, as well as individual skills and capabilities are taken into account when determining any salary increase. Fixed pay also includes appropriate benefits in kind (e.g. lunch vouchers) to support employee wellbeing. BOAM does not provide employees with discretionary pension benefits.

The annual pool available for variable performance-related pay is determined by the Board of the Group upon recommendation from the Group's remuneration committee and then allocated to the different divisions including BlueOrchard. Variable pay is principally comprised of annual discretionary bonus awards, which aim to motivate employees to achieve financial, non-financial and personal objectives for the year and to reward employees for their individual contribution. Individual awards are determined in line with the remuneration philosophy and principles, as described above. Directors are not eligible to receive variable performance-related pay.

Identified Staff are prohibited from using personal hedging strategies or remuneration-related insurance the purpose or effect of which would be to undermine risk-alignment effects embedded in their remuneration.

2.5 BONUS DEFERRAL

Variable remuneration for Staff Members over a certain threshold is subject to deferral, aligning employee interests with those of clients and shareholders. Identified Staff see at least 40% of their variable remuneration subject to deferral if the bonus is above the threshold defined by the Group's remuneration committee. Deferred bonuses typically vest and release over a three-year period.



2.6 MALUS AND CLAWBACK

Under malus terms, deferred remuneration may be reduced or lapsed. Under clawback terms, amounts paid or released may be recovered for a period of twelve months from the date of payment or release. These terms can be used to risk-adjust deferred remuneration awards in a range of circumstances as set out in the Group's Malus and Clawback Policy.

2.7 SPECIFIC COMPENSATION TRANSACTIONS

In addition to the aforementioned components of Variable Remuneration, exceptional Variable Remuneration components such as sign-on bonuses and termination-related payments may be paid under specific circumstances. In the case of a sign-on bonus, if such an arrangement is necessary at the time of a hire, the guarantee is limited to the recruitment of new Staff Members and for the first year of employment. It is the Company's policy not to make unconditional multi-year guarantees. Termination-related payment will have to reflect performance achieved over time and will in no case reward failure. Any severance payments are determined in accordance with the terms of the employment contract, as well as the rules of applicable deferred remuneration plans. There is no contractual entitlement for employees to receive compensation upon termination beyond the requirements in the Luxembourg labour law.

2.8 NO AVOIDANCE OF REMUNERATION REGULATIONS

BOAM ensures that variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the remuneration regulations. Remuneration policies and practices set out the agreed way in which remuneration is structured, governed, and paid. A range of controls exist to support those policies and practices.

3 MEASURES AGAINST CONFLICT OF INTEREST

Conflicts of interests in relation to remuneration should be non-existent or at least highly mitigated as

- the determination of remuneration of the Identified Staff is carried out at the Group level.
- the implementation, oversight and adjustments to the Remuneration Policy require involvement of the Board of Directors, potentially assisted by the control functions
- control functions will be independent and will not be compensated pursuant to mechanisms that could unduly influence their decisions.

In any case, the Board of Directors undertakes to adopt measures that may be necessary to prevent or mitigate any potential risk of conflict of interests whatsoever, taking into account the Company's size, structure and organization.

4 DISCLOSURE

4.1 EXTERNAL DISCLOSURE

External disclosures should be included in the AIFs' annual report which is made available to investors upon request. The disclosure should cover:



- The total amount of remuneration for board members.
- The total amount of remuneration received by the staff of the Company broken down into a fixed and variable part.
- A description of the remuneration policy with a reference that investors can request a copy of the policy free of charge.

4.2 INTERNAL DISCLOSURE

The remuneration policy is part of the company's policies and procedures and as such should be available to all staff members. Any updates should be communicated. The employees are regularly but at least yearly informed about their remuneration and the criteria used to determine it.

5 APPROVAL AND REVISION

The Remuneration Policy is approved by the Board of Directors. It shall be reviewed by the Board at least annually and updated if deemed necessary or desirable.