



Remuneration Policy

January 2023

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1. General Requirements

This remuneration policy (hereinafter referred to as the “Remuneration Policy”) has been adopted by the Remuneration Committee (defined here below) and applies from the 1st January of 2021 to Infranity individually referred to as the “AIFM”):

This remuneration policy lays down the principles that apply to the AIFM which aims to:

- promote sound and effective risk management,
- not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the AIFs,
- align the long-term objectives of its shareholders, clients, investors and collaborators.

The AIFM takes a remuneration approach based on the performance that values the achievements, experience and key skills of collaborators who contribute the most to a long-term value creation within Infranity.

The goal of this approach is to attract and retain the best skills and talents, to stimulate involvement and to enforce Infranity’s leadership, while delivering the best results and performance to Infranity’s customers over the long term.

The Remuneration Policy governs the following topics:

- 1) Scope of the Remuneration Policy
- 2) Definitions applying for the purposes of the Remuneration Policy
- 3) Remuneration Policy objectives
- 4) Governance
- 5) Principles related to the remuneration composition and the performance assessment of the collaborators
- 6) Principles related to the payment of the variable remuneration
- 7) Circumvention of the Remuneration Policy
- 8) Disclosure
- 9) Management delegation, if any
- 10) Interpretation of the Remuneration Policy

2. Scope of the Remuneration Policy

The Remuneration Policy has been elaborated on the basis notably of the following main documents and rules:

- articles 13, 22 and Annex II of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (hereinafter the “Directive AIFM” or “AIFMD”);
- the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (hereinafter “MIFID II”);
- article 107 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU;
- the ESMA Guidelines 2013/232 of 3 July 2013 on sound remuneration policies under the AIFMD Directive (hereinafter the “ESMA Guidelines”), amended by ESMA Guidelines 2016/579 on sound remuneration policies under the AIFMD;
- article 319-10 of the General Regulation of the AMF (hereinafter the “RGAMF”);
- article L 533-22-2 of the French Monetary and Financial Code (hereinafter the « CMF »);
- the AMF’s Position n°2013-11 on sound remuneration policies applicable to Alternative Investment Fund Managers (hereinafter the « AMF’s Position »);
- article 5 of Regulation (UE) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (hereinafter the “Disclosure Regulation”).

This Remuneration Policy applies to all collaborators of Infranity. Some provisions of the Remuneration Policy are only dedicated to Identified Staff.

This Remuneration Policy applies respectively to:

- all forms of payments or benefits paid by the AIFM;
- any amount paid by the AIF itself (excluding reimbursements of costs and expenses), including carried interest;
- any transfer of units or shares of the AIF;
- any amount paid by the AIFM in connection with portfolio management delegated by the AIFM;
- any amount paid by the AIFM in connection with investment services (discretionary management and investment advice) if the management company provides investment services.

Ancillary payments or benefits that are part of a general, non-discretionary, remuneration policy 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.

3. Definitions applying for the purposes of the remuneration policy

« **Identified Staff** »: means the following categories of staff whose professional activities have a material impact on the AIFM's risk profile or the risk profiles of the AIF that it manages and categories of staff of the entities to which portfolio management or risk management activities have been delegated by the AIFM, whose professional activities have a material impact on the risk profiles of the AIF that the AIFM manages:

- executive and non-executive members of the governing body of the AIFM, depending on the legal structure of the AIFM, such as: directors, the chief executive officer and executive and non-executive partners,
- senior management,
- control functions,
- staff responsible for heading the portfolio management, administration, marketing, human resources,
- other risk takers working at the level of Infranity whose professional activities (either individually or collectively) can exert material influence on the AIFM's risk profile or on an AIF it manages, even those Identified Staff which are not collaborators of the AIFM,
- employees/persons, whose total remuneration takes them into the same remuneration bracket as senior managers and risk takers.

Employees/persons whose professional activities can have a material impact on investment services provided by the AIFM should also be identified.

An Identified Staff methodology applicable to Infranity has been set up in order to ensure that the whole Identified Staff is identified.

An identification process is clearly defined on this methodology.

The methodology and the Identified Staff's list are annually reviewed.

« **Control Functions** »: means the staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within the AIFM.

« **Management Body** »: means the governing body of the AIFM.

« **Supervisory Function** »: means the relevant persons or body or bodies responsible for the supervision of the AIFM's senior management and for the assessment and periodical review of the adequacy and effectiveness of the risk management process and of the policies, arrangements and procedures put in place to comply with the obligations under the AIFMD.

In practice, the board of directors, in its supervisory function, of the AIFM.

« **Remuneration Committee** »: means the committee set up at the AIFM level. This committee should be composed of a majority of members who do not exercise executive functions and qualify as independent. Its chairperson should be an independent and non-executive member whenever possible.

4. Objectifs de la Politique de Rémunération

The following objectives are part of this Remuneration Policy and the effective implementation is ensured by the AIFM.

4.1. Ensure the effectiveness of the strategy, objectives, values and long-term interests

The goal of the AIFM is to provide its clients with long-term robust investment performance.

The Remuneration Committee ensures that the philosophy, practices and structures of remuneration support its strategy.

This Remuneration Policy aligns the long-term objectives of its shareholders, clients, investors and collaborators.

The remuneration philosophy adopted aims to:

- attract and retain the best skills and talents by offering competitive packages and differentiating the most efficient collaborators;
- stimulate collaborators' involvement by fairly and coherently rewarding activities, teams and individuals;
- strengthen the AIFM's leadership by rewarding performance in terms of results and behavior.

The remuneration structures in force are intended to reward both:

- the creation of short-term value for clients, as well as Infranity through a variable component of remuneration related to annual performance;
- mid-term and long-term value creation for clients as well as Infranity, through medium and long-term variable remuneration elements.

4.2. Risk management and tolerance regarding the risk taking

The goal of the AIFM is to provide a reasonable and appropriate remuneration framework to ensure that collaborators are not encouraged to take inappropriate and/ or excessive risks.

The size and allocation of all variable components of remuneration may be adjusted on a discretionary basis, including consideration of:

- certain risk situations and the compliance principles defined and monitored by the risk management, compliance and ethics teams;
- risk and compliance issues at all relevant levels of management.

In the context of this Remuneration Policy, the AIFM shall take a remuneration approach which:

- 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 AIFs they manage,
- 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.

The AIFM takes a remuneration approach based on the performance that values the achievements, experience and key skills of collaborators who contribute the most to a long-term value creation within the AIFM.

5. Governance at the level of Infrantry

Each year, the Remuneration Committee is responsible for reviewing the Remuneration Policy in order to take into account, where appropriate, the regulatory changes and/or constraints of the AIFM.

This Remuneration Policy defines the roles of the different functions involved on the design, approval and oversight of the remuneration policy and the procedures related to it and is based on the governance principles described here below as follows:

5.1. Role of the Management Body

The Management Body should be responsible for:

- determining the overall variable remuneration pool (in particular the distribution between the allocation of indexed cash and free shares);
- determining the individual remuneration of the staff covered by this Remuneration Policy;
- setting up the objectives of collaborators;
- drafting the long-term incentive plans i.e the “Instruments Deferred Plan” and the “Free Shares Plan” (hereinafter the “Plans”);
- drafting the Remuneration Policy;
- establishing and updating the list of Identified Staff.

The Management Body works closely with the Remuneration Committee, the Supervisory Function and the Control Functions in determining the overall remuneration strategy applicable to the AIFM.

5.2. Role of Supervisory Function

On the basis of the inputs provided by the Remuneration Committee, the Supervisory function, should be responsible for:

- approving and maintaining the Remuneration Policy and the Plans (i.e the Instruments Deferred Plan and the Free Shares Plan) of the AIFM and overseeing their implementation;
- ensuring that the Remuneration Policy is consistent with an effective risk management (i.e in line with the business strategy, objectives, values and interests of the AIFM and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the AIFs they manage);
- approving the decision-making process and the determination of the Identified Staff, the measures used to avoid conflicts of interest, the risk-adjustment mechanisms used;
- fixing and overseeing the remuneration of the members of the Management Body as well as of the highest paid staff members in the AIFM, if any.

5.3. Role of the Remuneration Committee

The Remuneration Committee should be responsible for:

- overseeing the Remuneration Policy and the Plans (i.e the Instruments Deferred Plan and the Free Shares Plan) compliance with the legislation;
- verifying that the determination of the overall variable remuneration pool takes into account past, present and future risks;
- ensuring that the remuneration system adopted:
 - properly takes into account all types of risks, and
 - is consistent with the business strategy, objectives, values and interests of the AIFM and the AIFs it manages and the investors of such AIFs.
- ensuring that the regulatory principles applicable to the determination of the list of Identified Staff are well respected;
- overseeing the methodology applicable to the remuneration of the senior staff responsible for heading the Control Functions and makes recommendations to the Management Body on the remuneration to be paid to the senior officers in the risk management and compliance functions;
- providing its support and advice to the Supervisory Function to ensure with regards to the remuneration of the members of the Management Body and the highest paid staff members in the AIFM, if any, that:
 - the balance between the fixed and variable components of total remuneration is respected;
 - the deferred portion applied represents the correct percentage;
 - the principles applicable to adjustment ex-post are well respected.

5.4. Role of the Control Functions

The Control Functions should intervene at three levels:

- participating to the development of the Remuneration Policy;
- ensuring effectiveness of the compliance control mechanism related to the remuneration;
- carrying out an annual audit of the design, implementation and effects of the AIFM's Remuneration Policy.

The Control Functions could assist the Management Body on the monitoring of the risks to be taken into account in the context of the remuneration scheme.

The Control Functions may participate to the Remuneration Committee.

Control functions are remunerated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control (qualitative criteria only).

6. Principles related to the composition and the performance assessment of collaborators

The remuneration structure of collaborators can be divided into either fixed remuneration or variable remuneration.

AIFM aims to maintain an appropriate balance between fixed and variable components of total remuneration.

The variable component cannot be paid through vehicles or methods that facilitate the circumvention of the requirements of the relevant remuneration rules applicable to management companies.

Guaranteed variable remuneration is not allowed, except in exceptional cases when it is granted in the course of a recruitment and limited to the first year of exercise exclusively.

Thus, except for the first year, the AIFM does not guarantee the payment of variable remuneration.

Severance pay should be related to performance achieved over time and designed in a way that does not reward failure. More details are provided in the Plans.

6.1. Fixed component

The fixed component should be sufficiently high to remunerate the professional services rendered, in line notably with the level of education, the degree of seniority, the level of expertise and skills required, the constraints and job experience, the relevant business sector and region.

The fixed component represents a sufficiently high share of total remuneration that a flexible policy can be applied to the variable component, including the possibility of not paying any variable component.

6.2. Variable component

The amount of the overall variable remuneration pool is determined as part of an internal budgeting process that takes into account past, present and future risks, particularly with regards to ESG risk criteria.

The variable component of remuneration breaks down as follows:

- a component paid in cash,
- a component paid into instruments, through the allocation of indexed cash as defined in the Instruments Deferred Plan and payment related to the Free Shares Plan if any (hereinafter the "Instruments Variable Component").

All the collaborators of Infranity could be eligible to the Plans (i.e the Instruments Deferred Plan and the Free Shares Plan) upon decision of the Management Body.

The allowance of this variable component is determined:

- according to the category of collaborators and depending on the achievement of objectives set at the beginning of the year on the basis of quantitative and qualitative criteria;
- in order to avoid situations which could encourage i) conflicts of interest between collaborators and clients, ii) or the failure to comply with rules of good conduct.

Part of the variable component of the remuneration is paid immediately and part is deferred in time. The specific rules provided for Identified Staff under the AIFMD are detailed below.

6.3. Performance assessment

Each collaborator will be evaluated based on their overall performance, a combination of achievements and demonstrated behaviors. In addition to quantitative performance measures, variable remuneration awards should also be sensitive to the staff's performance with respect to qualitative (non-financial) measures.

The performance assessment 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.

This evaluation is done on an annual basis. Any decision on remuneration can be communicated to a collaborator only if a performance evaluation meeting has taken place, in which performance expectations and evaluation criteria are clearly explained.

Performance-related remuneration should include parameters linked to the risks and performance of the AIF concerned and of the business unit of the AIFM in addition to the risks and performance of the individual activities. The variable remuneration, should take into account the following criteria:

- performance of the individual (quantitative and qualitative criteria);
- performance of the business unit or AIF concerned;
- the overall results of the AIFM.

The AIFM is aware of the importance of aligning individual professional objectives with Infranity as a whole. As a result, the AIFM focuses on ethics and compliance in the culture it promotes to its collaborators. The AIFM does not endorse or encourage collaborators who take inappropriate risks to maximize the potential variable component of their remuneration¹.

The levels of the variable component of the remuneration are based on the performance of the AIFM, which prevents any individual, acting alone, from having a significant impact on the size of the said variable component, or on its own proportion, taking an inconsiderate risk.

7. Principles applicable to the payment of variable remuneration

7.1. Structuration of the variable component

The structuration and payment principles are detailed in the Plans (i.e the Instruments Deferred Plan and the Free Shares Plan).

Regarding the Identified Staff, the following principles are applicable:

- At least 50 % of the variable remuneration is deferred over a period of at least 3 years.
- In the case of a variable remuneration component of a particularly high amount, at least 60 % of the variable component is deferred over a period of at least 3 years.

¹ In this respect, MIFID II (article 24.10) specifies that “in particular, it shall not make any arrangement by way of remuneration, sales targets or otherwise that could provide an incentive to its staff to recommend a particular financial instrument to a retail client when the investment firm could offer a different financial instrument which would better meet that client’s needs.”

- The Instruments Variable Component represents at least 50% of the variable component and is completely deferred.
- The payment in instruments has been designed in order to align incentives with the interests of the AIFM and the AIFs it manages and the investors of such AIFs.

In the event that the indexation mechanism provided for in the Indexed Cash Plan compensates for poor performance, Infrantry undertakes to adjust this indexation accordingly.

The principles defined here above do not apply to variable remunerations which are situated below at €200.000.

Regarding all other Staff and Identified Staff with variable remuneration situated below €200 000, Infrantry can decide to make them benefit from the Plans. In this case, the Plans (the Instruments Deferred Plan and/or the Free Shares Plan) will be communicated to the beneficiaries to inform them of the terms and conditions of the Plans.

7.2. Adjustment ex-post

Acquisition of the deferred portion of the variable remuneration is never guaranteed and is further subject to respect of conditions applicable throughout the deferral period, which notably depend on criteria award in relation to results of the management company and individual staff situation. These conditions are explicitly specified to qualified and experienced personnel when variable portion is awarded.

Therefore, variable component is subject to malus ex post corrective mechanism as defined in the Instruments Deferred Plan and the Free Shares Plan.

8. Circumvention of the Remuneration Policy

AIFM will ensure that the Identified Staff undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

9. Internal and external disclosure

Without prejudice to confidentiality and applicable data protection legislation, the AIFM should disclose detailed information regarding their remuneration policies and practices for members of staff whose professional activities have a material impact on the risk profile of the AIFs the AIFM manages.

The AIFM should also provide general information about the basic characteristics of their AIFM remuneration policies and practices.

In practice, regarding remuneration disclosure the AIFMD should disclose information regarding remuneration:

- In the annual report of the AIFs;
- In the annual report of the AIFM, notably regarding the total amount of remuneration of the financial year, split into fixed and variable components, paid by the AIFM to its staff and number of beneficiaries

The remuneration policy of an AIFM should be accessible to all staff members of the AIFM.

10. Management Delegation

In the case of delegation of management, the Management Body will ensure that the delegates have a remuneration policy that is as effective as that provided for under the AIFMD and ESMA Guidelines in this area and that the delegation agreements contain provisions aimed at preventing any circumvention of provisions relating to the Remuneration Policy.

This document may be amended or replaced at any time.

11. Interprétation de la Politique de rémunération

The Remuneration Policy has been adopted in its French version. The translation into English is provided for information purposes only to the benefit of non-French speaking beneficiaries, provided that in the event any conflict between the French and English versions, the French version shall govern and prevail.