

Riverside Europe Partners S.à r.l. Remuneration Policy

September 2024

Appendices

Reference	Description
Appendix I	List of the Identified Staff as of 19 September 2024
Appendix II	Analysis with respect to the application of the proportionality principle

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1. Glossary

Term	Description
AIF	Alternative Investment Fund including any of its sub-funds
AIFM	Alternative Investment Fund Manager
AIFM Law	Law of the 12 July 2013 on Alternative Investment Fund Managers
Board	Board of Managers of the Company
Company / the AIFM	Riverside Europe Partners SARL
Control Functions	Staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within the Company.
Funds	Funds the Company manages
Group	The Riverside Company group
Identified Staff	Categories of staff, including Board members, Senior Management or Conducting Officers, 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 AIF 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 AIF that the Company manages
Policy	The present Remuneration Policy, as amended from time to time
Senior Management or Conducting Officers	Persons who effectively conduct the business of the Company
Staff member	Any individual, without restriction, being part of the governance body, management or employee of the Company (including secondments) who is involved in activities relating to an AIF or transactions with or for an AIF
Sustainability risks	A sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investments made by the Company. In the context of the Company, sustainability risks are risks which, if they were to crystallise, would cause a material negative impact on the value of the portfolios of the Funds.

2. Applicable regulations

Term	Description
Regulation	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector
Law	Luxembourg Law of the 12 July 2013 on Alternative Investment Fund Managers
Circular	CSSF circular 18/698 – section 5.5.9.
Guidelines	Guidelines on sound remuneration policies under AIFMD (ESMA/2013/232), as amended
Q&A	ESMA Questions and answers on the application of the AIFMD (ESMA34-32-352)

3. Purpose and scope of the Policy

The Company is a Luxembourg-based management company subject to Chapter 2 of the AIFM Law of 12 July 2013 as amended. As such, the Company is entitled to provide risk management and portfolio management services for different regulated and non-regulated investment vehicles.

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. In this regard, the Policy does not encourage risk-taking which is inconsistent with the rules, instruments of incorporation and risk profiles of the AIFs, including Sustainability risks stemming in particular from climate-related events or from the society's response to climate change.

The Policy and the subsequent measures provide principles and guidelines which aim at ensuring that:

- The Company's remuneration policy is in line with the business strategy, objectives, values and interests of the Company and the Funds and the investors of such Funds, and includes measures to avoid conflicts of interest;
- The Staff members are appropriately compensated for the services rendered to the Company;
- The Staff members are motivated to perform in the best interests of the Company and the Funds; and
- Remuneration is determined with a view to ensure equity and consistency across the Company and compliance with relevant regulations and laws.

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 interest if any; and

- any transfer of units or shares of the Funds;
in exchange for professional services rendered by the Staff of the Company.

4. Proportionality principle

The Policy and the subsequent measures have been drafted to be appropriate to the Company's size, internal organization, nature, scope and complexity of activities performed. The Company has decided to opt for the application of the proportionality principle on the basis of the analysis which outcomes are reflected in Appendix II and thus not to implement the further listed requirements:

- Setting up of a remuneration committee;
- Payment of at least 50% of the variable component, in financial instruments and subsequent retention policy;
- Deferral of at least 50% of the variable part of the remuneration;
- Ex-post risk adjustment for the variable remuneration.

5. Governance of remuneration

The governance of the remuneration principles within the Company concerns different levels of responsibility:

- The Board
 - lays down remuneration guiding principles;
 - approves the Policy;
 - periodically reviews the Policy's general principles; and
 - is responsible for monitoring its implementation.
- Senior Management or Conducting Officers
 - implements the Policy according to the general principles adopted by the Board; and
 - is responsible for the organisation of the annual review of the Policy.

The Company ensures that the remuneration of the Staff members is appropriate to their responsibilities, expertise, tasks and powers.

6. Remuneration structure

The remuneration granted to Identified Staff may consist of:

- a fixed remuneration which remunerates role, responsibilities and expertise;
- a variable component (bonus) which remunerates personal performance and collective achievements.

The Company ensures that fixed and variable components of total remuneration are appropriately balanced. The fixed remuneration is determined at a level high enough (in absolute amount) to allow a fully flexible policy on variable remuneration components including the possibility to pay no variable component.

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.

The pension scheme in Luxembourg is part of the statutory social security programs. There is a mandatory 8% withheld from the employee and 8% paid by the employer.

Guaranteed variable remuneration is exceptional, occurs only in the context of new hires and is limited to the first year.

6.1 Fixed remuneration

The fixed component of the remuneration encompasses, for all Staff members, the basic monthly gross salary, allowances and benefits in kind.

The fixed component of the remuneration encompasses the follow for all staff members.

1. Base
2. Pension
3. Medical
4. Gym Reimbursement
5. Internet Reimbursement
6. Life Insurance up to 2X or \$500K
7. STD (short term disability)
8. LTD (long term disability)
9. Maternity/Paternity/Parental Benefits
10. Annual Vacation & Leave
11. Lunch vouchers

6.2 Variable remuneration

In addition to the fixed components described under section 6.1. above, Staff members may perceive, once a year, on a purely discretionary basis, a certain amount in cash, so-called bonus, further to a performance assessment, as described under the section 8 hereinafter.

Carried interest eligible

Staff members may receive carried interest, or a share of any profits generated in the context of the management of the Funds as compensation, regardless of whether they contributed any Funds. This method of compensation seeks to motivate the manager of the Fund to work toward improving the Fund's performance.

Independent board members are not eligible to variable remuneration and will receive a fixed fee.

Group board member remuneration is not directly linked to the mandate at the AIFM level.

The Company ensures the variable remuneration for relevant Staff members takes into account compliance with all of the Company's policies and procedures as well as with the Company's internal risk management framework and risk limits, including those relating to the integration of sustainability risks and that the measurement of performance used to calculate the amount of variable remuneration to be allocated to the Staff members is determined by taking into account the full range of current and potential risks associated with activities undertaken. The total amount of remuneration shall be 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.

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 concerned individual.

Members of Staff are required not to use personal hedging strategies or remuneration - and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

The Company especially ensures that the 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.

When assessing the performance of the Identified Staff, the Company applies an approach based on a multi-year perspective in order to take into account the long-term performance of the Identified Staff member as well as the life-cycle of the Fund(s). Accordingly, the main performance objectives are defined on a multi-year basis.

On an annual basis, the Company translates the results of the appraisal into the variable remuneration component for each concerned member of the Identified Staff.

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

Remuneration of the senior officers in the risk management and compliance functions is directly overseen by the Board on annual basis.

7. Delegated Portfolio Management Function

The Company, having delegated portfolio management function, will ensure that:

- Its delegate(s) is (are) subject to Regulatory requirements that are equally as effective as those applicable to the Company, or
- Appropriate contractual arrangements are in place with the Delegate(s) to ensure that there is no circumvention of the remuneration rules applicable to the Company.

8. Disclosure

8.1 External disclosure

- The annual report issued by the Funds 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.

The remuneration disclosure, when possible, will report an allocation or breakdown in relation to each AIF managed by the Company and a description of how the allocation or breakdown has been performed.

- The policy is made available on the website of the Company.

8.2 Internal disclosure

The Company ensures that the Policy is accessible to all Staff members. 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 and the appraisal process adopted is documented and transparent.

The appraisal process takes place on annual basis and consists of assessing the following elements for each Staff member:

- Execution skills and abilities
- Performance attributes
- Riverside values

Each of the above is subject to a performance rating from 1 to 5 as follows:

- Score 1: Does Not Meet Expectations
- Score 2: Occasionally Meets Expectations
- Score 3: Fully Meets Expectations
- Score 4: Exceeds Expectations
- Score 5: Significantly Exceeds Expectations

The assessment above is performed by:

- Riverside Group employees (including some Staff members), chosen by the individual and approved by his/her manager,
- his/her direct manager and
- the head of department to which the Staff member belongs.

The year-end performance review also includes open-ended feedback as well as the review of the goals assigned by management during the preceding appraisal period.

The Staff member is requested to evaluate himself/ herself by assigning a rating and offering his/her insights in the open-ended feedback section.

The appraisal process ends with a meeting between the Staff member and his/her manager in the presence of a member of the HR department. During the meeting, the manager goes through the results of the performance review with the Staff member.

The appraisal process usually begins in November and ends in early February.

The variable remuneration is determined by the results of the year-end performance review described above but also based on the performance of the Company.

Confidential qualitative information will never be subject to internal disclosure.

9. Document retention

Senior Management or Conducting Officers are responsible for the retention of the following documents (electronic or hard copies):

- Copies of labour agreements between the Company and its Staff members;
- Copies of the appraisals for each Staff member;
- Copies of the decisions on allocation of variable remuneration to the Staff members;
- Copy of the assessment as regards the list of members of the Identified Staff.

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 or Conducting Officers of the Company in committee.

This committee is composed of:

- The conducting officer responsible for portfolio management and
- The conducting officer responsible for finance and valuation.

At the discretion of the Senior Management, any consultant or member of the parent company's HR team may join the committee.

This periodic review shall assess if the Policy:

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

The outcome of the periodic review is properly followed up and presented to the Board. In particular, the review must be done and submitted to the Board before the payment of the variable remuneration which is subject to the approval of the Board.

Appendix I: List of the Identified Staff

- Board Members:
Executive and non-executive Board members of the Company (4)

- Senior management:
Conducting Officers (3)
Senior Manager Legal (1)

- Control functions and other risk takers:

AML/CFT Senior Manager (1)
Risk Manager (1)
Chief Sustainability Officer / Managing Director, Fundraising & Investor Relations (1)

On an annual basis, the Board, by approving the Policy, will also approve the list of Identified Staff in the scope of such remuneration policy.

Appendix II: Analysis with respect to the application of the proportionality principle at the level of the AIFM

In considering the possibility to apply the proportionality principle, the AIFM has considered the following criteria.

Size:

- Number of employees: 11
- Assets under management
Sum of all assets of all AIFs managed (absolute value), circa EUR 1,34bn (as of 30 June 2024).
There are 10 funds under management for which the portfolio management has been delegated. The Company will ensure the oversight of the portfolio management.

Internal organization:

- 4 board members, two of which are non-executive and one is independent
- 3 Conducting Officers
- Number of employees: 8 full-time, 3 part-time (of the 11 employees, 5 are under a global employment contract and one is a contractor).
- Portfolio management, internal audit, fund administration and accounting functions are delegated, outsourced or partially outsourced.

Nature, scope and complexity of the activities:

The Riverside company is a 30-year-old global private equity firm that solely focuses on the smaller end of the middle market ("SEMM"). We view the SEMM (i.e., generally companies having below \$30mm in EBITDA) as being a very fruitful segment of the middle market and one that has been beneficial to Riverside and our investor base. Riverside Europe Partners S.à r.l. manages the Riverside Europe Fund family.