

## COMPENSATION POLICY

### I. Purpose of the procedure

The purpose of this procedure is to formalise the compensation policy in place within Extendam. It covers all aspects of compensation including fixed components, variable components and benefits in kind as described below.

### II. Compensation policy principles

Extendam's compensation policy is commensurate with the firm's size, internal organisation and business activities.

The aim of this policy is to attract employees and secure their long-term commitment and retention, whilst ensuring appropriate risk management, sales strategy implementation and compliance.

The compensation policy is also designed to:

- avoid introducing incentives that could lead to short-, medium- or long-term conflicts of interest between employees, clients and Investee Companies;
- avoid the risks involved in failing to comply with the applicable rules of good conduct.

Extendam's compensation policy seeks to avoid incentives that could incite its employees to further their own interests or the interests of Extendam to the potential detriment of its clients and Investee Companies.

Within this context, Extendam's compensation policy favours fixed compensation as the key component of its employees' overall compensation. In the event that variable compensation is paid, it is based on qualitative and/or quantitative criteria. The firm can decide not to pay variable compensation if targets are not reached.

Extendam's compensation policy does not include sustainability factors. As a signatory of the Principles for Responsible Investment (PRI) and as it clearly states in its code of ethics, Extendam believes that incorporating sustainability factors into investment mandates can help companies to create even more value and better manage risk. As such, Extendam is pursuing its aim of incorporating sustainability factors into its compensation policy and complies with the relevant commitments set out in section 5. RESPECT of its code of ethics.

### III. Governance and formulation of the compensation policy

Extendam's Board of Directors decides on Extendam's compensation policy and supervises its implementation. The policy will be reviewed annually by the Board of Directors to ensure that it is being complied with and correctly applied.

Extendam's Head of Compliance and Internal Control must be informed in advance of any changes to the compensation policy. Compliance with the compensation policy also forms part of the Head of Compliance and Internal Control's second level controls.

**It should be noted that** due to the size of the Extendam, in terms of both employee numbers and volumes and scope of business, Extendam has decided not to have a compensation committee (principle of proportionality). However, changes in compensation are currently subject to discussions and a prior consultation between the Managing Director, Chairman, Secretary General and, in some cases, the various department heads (Customer Support, Investment Team, etc.).

### IV. Relevant persons

The investment firm has identified the following employees as "relevant persons":

- Members of the Board of Directors
- Secretary General
- Managers
- Head of Compliance and Internal Control
- Head of Customer Support
- Sales Director

These individuals are liable to have a material influence on Extendam's risk profile or the investment vehicles under management.

Extendam has nonetheless chosen to extend its compensation policy to its entire workforce as opposed to only the employees identified above.

The Board of Directors is informed annually of staff recruitments and departures.

## V. Compensation components

### 1. Fixed compensation: key component of overall compensation

Fixed compensation levels are determined by each employee's level of experience and skill and his/her role in the firm. The fixed share represents the key component of the employee's overall compensation. Compensation is competitive in order to attract employees and ensure their long-term commitment and retention.

Each employee is reviewed by his/her direct manager on an annual basis. The findings of this review are presented to the Managing Director.

### 2. Variable compensation

The aim of Extendam's variable compensation approach is to prevent employees from taking disproportionate risks and temper their appetite for risky transactions targeting short-term earnings alone. The key principles are:

- Guaranteed variable compensation can only be paid on an exceptional basis, upon recruitment of a new employee, and during his/her first year (the three conditions are cumulative).
- Fixed compensation is considered the key component of the overall compensation package so that the firm can remain fully flexible with respect to variable compensation.
- Variable compensation is based on qualitative and/or quantitative criteria.

Variable compensation takes the form of additional payments that are subject to reaching collective and/or individual targets based on qualitative and/or quantitative criteria and set annually at the start of the year. Variable compensation involves a degree of uncertainty because it involves meeting pre-defined targets. Variable compensation may therefore not be paid if the targets are not met.

In accordance with the principle of proportionality, Extendam does not have a deferred variable compensation plan. Any variable compensation is paid immediately to employees when or just after the targets are reached.

### 3. Special bonuses

Discretionary bonuses, dependent on the performance of one-off or ad-hoc assignments, may be paid to certain employees. These bonuses may not exceed one third of fixed compensation.

## VI. Other benefits

### 1. Carried interest

Pursuant to prior authorisation by the Board of Directors, the investment firm's employees may hold carried interest shares in the AIFs managed by Extendam.

These carried interest shares adhere to the following three principles:

1/ Payment terms: investors are firstly repaid for their contributions; where applicable, bearers of ordinary shares are paid before holders of carried interest shares. Carried interest share payments are subject to the conditions set out in the regulations of the AIFs managed by Extendam.

2/ Minimum subscription: carried interest share subscriptions must represent a minimum percentage of total subscriptions received, as defined in the AIF's regulations;

3/ Conditional nature of access to capital gains: the products and capital gains are subject to a lock-up period of at least five years from the date of constitution of the AIF, before which time they cannot be distributed.

Thus, carried interest shares – the terms and conditions of which are described in the AIF's regulations – provide for a deferred payment from the outset, allowing for investors' interests to be aligned with those of the employees in question.

## 2. Benefits in kind

Extendam does not offer any benefits in kind that would incite employees to take a risk.

## VII. Disclosure

Extendam will comply with the applicable regulations in terms of disclosing information about the compensation policy, both in each AIF's annual report and in Extendam's annual report.

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