

<b>Remuneration policy</b>		
<b>Procedures Manual</b>		<b>REF : 019</b>
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## I. Preamble

Article 13 of Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers (the "AIFM Directive") stipulates that AIFM must establish a remuneration policy that is consistent with sound and effective risk management and that does not encourage risk-taking that is incompatible with the risk profiles or instruments of incorporation of the alternative investment funds they manage. Annex II of the AIFM Directive defines the principles that must be included in the remuneration policy implemented by the AIFM.

## II. Main regulatory references

Flexam Invest is authorised as an FIA manager and investment adviser. The main regulatory references applicable to remuneration are as follows:

<b>Regulatory reference</b>	<b>Summary content</b>
Art. 13 and 22 of Directive 2011/61/EU and Art. 107 of Delegated Regulation 231/2013	Remuneration policy for FIA management.
Order no. 2013-676 of 25 July 2013	Transposition into national law of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 ("AIFM" Directive), and reform of the legal framework for asset management in order to simplify it while strengthening the protection of investors and savers.
ESMA guidance (ESMA/2013/232)	Guidelines on remuneration policies applicable to managers of alternative investment funds.
Art. 319-10 AMF General Regulation	Remuneration policy for FIA management.
AMF Position 2013-11	Remuneration policies applicable to managers of alternative investment funds.
AIFM Directive - Remuneration Guide - August 2013	AMF Guide to remuneration requirements under the AIFM Directive.
Art. L. 533-22-2 of the Monetary and Financial Code	Provisions specific to portfolio management companies: staff concerned, legal and regulatory framework.
MiFID II Directive (2014/65/EU) and Delegated Regulation 2017/565/EU of 25 April 2016	Remuneration policy for investment advisory services.
AMF Position - DOC-2014-02	Article 2: Annual Report
AFG circular of 16 March 2016	Disclosure of remuneration in AIF/SGP annual reports: Content of the management report on remuneration policy
Art. 5 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019	European Regulation on the publication of sustainability information in the financial services sector (SFDR Regulation).

## III. Fields of application

In order to comply with the AIFM Directive and in accordance with the requirements of its authorisation, the Company has set out its remuneration policy in this document.

The Remuneration Policy applies to the following amounts (or equivalents) received by Company employees for professional services rendered:

- all forms of payments or benefits paid by the Company
- any amount paid by the Funds themselves, including *carried interest*
- any transfer of units or shares in the Funds

This Remuneration Policy is available to all Company employees.

The Chairman of the Company, in his supervisory role, adopts and regularly reviews the general principles of the Remuneration Policy and is responsible for its implementation.

In addition, as part of his role as RCCI, he carries out an internal assessment of the implementation of the Remuneration Policy at least once a year. During this assessment, the RCCI ensures that the Company is complying with the Remuneration Policy.

Flexam Invest has not set up a remuneration committee in application of the principle of proportionality as detailed below.

## IV. Definition of identified personnel

The remuneration policy applies to all staff. In accordance with AMF position 2013-11, it aims to promote sound and effective risk management that is compatible with the risk profiles of the AIFs under management. This system has been put in place to ensure that the interests of the Company, its employees and the vehicles' subscribers are as closely aligned as possible. The conflicts of interest management policy will help to ensure compliance with these principles.

The AIFM Directive establishes remuneration principles for management company staff according to the nature of their activities within the Company. All staff must therefore be categorised:

- Identified Personnel within the meaning of Article L533-22-2 of the French Monetary and Financial Code:
  - o Members of the Management Board ;
  - o Risk takers ;
  - o Persons exercising a control function ;
 Persons under the authority of the portfolio management company who, in view of their total remuneration, are in the same remuneration bracket as persons exercising a management function and risk-takers.
- other employees who do not fall into the category of Identified Personnel and who are involved in the general administration of the company (salaried staff attached to commercial, administrative, distribution and financial control functions)

## V. Composition and valuation of staff remuneration

The remuneration of Flexam Invest's staff can be broken down as follows (whether for the population of Identified Personnel or other employees who are not part of the Identified Personnel):

- **fixed remuneration**, payable monthly: set up to remunerate the skills, level of experience and level of responsibility of these people. The fixed remuneration is sufficiently high to compensate these people for the duties of their position, the level of skill required, the responsibility exercised and the experience acquired. This remuneration is reviewed at an

annual appraisal. This review is determined on the basis of the market and the responsibilities of the persons concerned.

This fixed salary may include benefits in kind (company car or mobile phone).

- **variable remuneration** in the form of an annual discretionary bonus. Variable remuneration will not exceed the best of 30% of fixed remuneration or €200,000 per annum. Guaranteed bonuses (not linked to the employee's performance) are prohibited. Exceptionally, the Company may grant a guaranteed bonus on recruitment. This bonus is only paid when the new employee takes up his or her duties.
- **a profit-sharing bonus** based on the company's results and performance. It should be noted that profit-sharing is a system that allows employees to be collectively involved in the results or performance of their company. This system is part of a general, non-discretionary policy at the level of the management company and does not encourage risk-taking. Therefore, in accordance with point 2 of AMF Position 2013-11, it is excluded from the definition of remuneration covered by the AIFM Directive.
- **distribution of *carried interest***: the method of creating and operating *carried interest* set up by Flexam Invest ensures compliance with the founding principle of the AIFM Directive to align the interests of the investors and employees concerned, particularly with regard to staff identified as risk-takers.  
*Carried interest* units are a way of building long-term team loyalty and aligning the interests of the employee, the Management Company and the subscribers.  
The Management Company's employees may co-invest alongside a sub-fund under legal and financial conditions equivalent to those of the latter's investment.  
*Carried interest* therefore arises from co-investment and corresponds to a "return on investment in proportion to the investment made" (i.e. from the employee's capital commitment). This type of *carried interest* is not included in variable remuneration. In this context, Flexam Invest is not required to comply with the principles laid down by the AIFM Directive relating to the methods of payment of the variable component to identified personnel as provided for in Annex II paragraph 1.m) and 1.n) of the AIFM Directive and in article 319-10 .13).14).

An annual appraisal process for all the Management Company's staff is carried out by each direct line manager and is based on performance measurement indicators relating to the various functions. It includes both quantitative elements (number of opportunities analysed, amounts invested, etc.) and qualitative elements (quality of dossiers, quality of monitoring and management of portfolio investments, quality of internal and external relations, quality of ESG risk analysis, particularly with regard to the sustainable nature of investments, involvement in drawing up and monitoring the ESG action plan, ability to deliver on sustainable development objectives, adherence to and application of the Company's sustainable development charter, etc.). The granting of variable remuneration thus depends on the individual achievement of predefined objectives and on the Company's overall performance.

The remuneration of fund managers complies with the regulations and principles laid down by professional associations. Similarly, Flexam Invest undertakes to comply with the remuneration principles set out in Directive 2011/61/EU (cf. article 13), aimed at a remuneration policy that does not encourage risk-taking with regard to Identified Personnel.

In the case of the RCCI, annual bonuses are set according to qualitative criteria only.

This evaluation process is used to determine the level of salary increases for employees, as well as the amount of variable pay.

Variable remuneration for employees in respect of financial year N is paid in N+1, in addition to their fixed remuneration.

In any event, payments must be made after the management company's financial statements have been closed and the overall result for the period in question has been determined.

## **VI. Derogations from the rules of the AIFM Directive**

### **(a) Rules**

In accordance with Annex II of the Directive, the following principles must, in principle, apply to the variable remuneration received by Identified Personnel:

- Deferral: 40 to 60% of variable pay should in principle be deferred over a period of 3 to 5 years.
- Payment in instruments: at least 50% of variable remuneration must be paid in the form of instruments

### **(b) Principle of proportionality**

The Company has decided not to set up a remuneration committee and not to apply the principles of deferral and payment in instruments to the variable remuneration paid to Identified Personnel, invoking the principle of proportionality as permitted under French law. The creation of a remuneration committee within the Company and the application of the deferral and payment principles would be disproportionate given the size of the Company, the investment strategy of the Funds and the resources already put in place by the Company and the Fund investors to ensure the continuity of the Company's management team. These three arguments are discussed in more detail below.

### **Size**

- 1) Assets under management are less than €1.25 billion
- 2) The company employs fewer than 50 people (a total of 11 employees)

### **Internal organisation**

The internal organisation of the management company is not complex, given its size. The majority of risk-takers are shareholders and actively participate in the life and development of the management company.

The current organisation and the remuneration policy in place have been designed to offer a maximum degree of independence that appeals to all the company's employee shareholders.

### **Nature, scope and complexity of activities**

The management company only manages FIAs invested in unlisted assets for professional or similar clients. These FIAs are non-complex closed-end funds.

## **VII. Policy review**

In accordance with Annex II of the AIFM Directive, this remuneration policy will be reviewed once a year in accordance with the principles set out and the Chairman will be responsible for its implementation.

The remuneration policy and the identification of Identified Personnel are assessed at least annually and as necessary by the RCCI.

They ensure that the remuneration policy is :

- is consistent with and promotes sound and efficient risk management and does not encourage risk-taking that is incompatible with the risk profiles, regulations or instruments of incorporation of the AIFs managed; and
- is consistent with the business strategy, objectives, values and interests of the Management Company and the AIFs it manages or those of the unit-holders or shareholders of the AIFs, and includes measures to avoid conflicts of interest.

It carries out an annual second-level control, through the service provider in charge of implementing the second-level permanent control plan, on the correct annual application of the remuneration policy.

The periodic control also carries out an annual check on the correct application of this policy during their intervention. Periodic control is also carried out by an external service provider, under the responsibility of the Chairman of Flexam Invest.