

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

## History

Version	Release Date	Description	Amended by	Reviewed by
V1	30 June 2020	Remuneration Policy	Maxime Petrimaux	Board of Managers
V2	[DATE]	Remuneration Policy	Roel Valkenborgh	Board of Managers

## Appendices

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<b>Annex I</b>	List of the Identified Staff as of [DATE]
<b>Annex II</b>	Analysis with respect to the application of the proportionality principle

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## 1. Glossary

Term	Description
<b>Riverside/the Company</b>	Riverside Europe Partners S.à r.l.
<b>AIF</b>	Alternative Investment Fund
<b>AIFM</b>	Alternative Investment Fund Manager
<b>AIFM Law</b>	Luxembourg Law of the 12 July 2013 on Alternative Investment Fund Managers
<b>Board</b>	Board of Managers of the Company
<b>Control Functions</b>	Staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within the Company (e.g. the CFO to the extent that he/she is responsible for the preparation of the financial statements)
<b>Funds</b>	AIFs for which the Company acts as AIFM
<b>Identified Staff</b>	Categories of staff, including Senior Management, 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
<b>Policy</b>	The present remuneration policy
<b>Senior Management</b>	The persons responsible for the management of the Company, authorised by the CSSF, also known as "authorised management" or "conducting officers"
<b>Staff</b>	Any employee of the Company or any person being paid directly or indirectly by the Company or the Funds.
<b>Sustainability risks</b>	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
<b>Regulation</b>	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
<b>Law</b>	Luxembourg Law of the 12 July 2013 on Alternative Investment Fund Managers
<b>Guidelines</b>	Guidelines on sound remuneration policies under AIFMD (ESMA/2013/232), as amended
<b>Q&amp;A</b>	ESMA Questions and answers on the application of the AIFMD

### 3. Purpose and scope of the Policy

Riverside is an AIFM according to the Luxembourg law of 12 July 2013 on alternative investment managers. 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 on 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 regulations and law applicable to the context in which the Company operates.

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 interests 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 size, internal organization, nature, scope and complexity of activities performed. The Company has decided to opt for the application of the proportionality principle at the level of the Company on the basis of the analysis which outcomes are reflected in Annex 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 concern 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 its implementation.
- The Senior Management
  - 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 remunerate 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 and the fixed component represents a sufficiently high proportion of the total remuneration. This ensures full flexibility regarding the variable remuneration (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 Lux is part of the 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

## 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 7 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 general partner (fund manager) 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 are not directly linked to the mandate at the AIFM level.

The Company ensures 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) managed by the Company. 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.

## 7. Disclosure

### 7.1 External disclosure

The annual report issued by the Company 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 and, where relevant, carried interest paid by the AIF it manages;
- Aggregate amount of remuneration broken down by Senior Management and other Identified Staff members.

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.

### 7.2 Internal disclosure

The Company ensures that the Policy is accessible to all Identified Staff. 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.

Confidential qualitative information will never be subject to internal disclosure.

## 8. Document retention

The Senior Management is responsible for the retention of the following documents (electronic or hard copies):

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



## 9. 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 the Senior Management of the Company in 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.

## Appendix I: List of the Identified Staff as of [DATE]

The AIFM is composed of 6 employees:

- Di Marco Christel
- Henkes Sam
- Höppner Dörte
- Tavcar Anja
- Saracino Angelo
- Catherine Schwartz

## 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: 6
- Assets under management  
Sum of all assets of all AIFs managed (absolute value) EUR 901,821,894.56  
There are 6 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, one of which is independent
- 3 Conducting Officers
- Number of employees: 1 full-time (one of which on secondment), 5 part-time (under a global employment contract).
- Portfolio management, internal audit, fund administration and accounting is delegated

### 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 Sàrl will be managing the Riverside Europe Fund family.