KEENSIGHT
CAPITAL

Remunerations Policy

last modified: 2024, April 30th

Table of Contents

1. Preamble

Regulatory references:

- Directive AIFM 2011/61/UE
- Directive and AIFMD - ESMA/2016/411
- ESMA Guidelines ESMA/2013/232
- Article 319-10 and l.533-22-2 of the AMF General Regulation
- AMF Position No. 2013-11 "Remuneration Policies Applicable to Alternative Investment Fund Managers"
- AMF Position No. 2013-24"Remuneration Policies and Practices of Investment Service Providers"

2. Objectives

The aim of this Policy is to establish the guiding principles and practices to determine the remuneration of Identified Staff. These principles should:

- align with and promote sound and effective risk management
- not encourage excessive risk taking as compared to the investment policy of the Funds
- enable Keensight Capital to align the interests of the Funds and their investors with those of the Identified Staff, and to achieve and maintain a sound financial situation.

3. Applicability of the Regulatory Provisions

3.1. Categories of employees covered by the Policy: Identified Staff

The Remuneration Policy applies to the following employees or categories of employees:

- Employees mentioned in the ESMA Guidelines ESMA/2013/232:
  - Executive and non-Executive members of the governing body of Keensight Capital;
  - Executive Directors declared to the AMF;
  - Staffs responsible for heading the portfolio management (ie, partners)
  - Head of the support functions (administration, finance, marketing, human resources, development, investor relations, compliance, internal control) unless it is demonstrated that they have no material impact on the Company’s risk profile or on the Funds it manages
- Other employees that meet the following two criteria:
  - Employee can exert material influence on the Company’s risk profile or on a Funds it manages.
  - whose total remuneration takes him/her into the same remuneration bracket as the Employees mentioned in the ESMA Guidelines ESMA/2013/232. This bracket is determined annually using the average salary of the Head of the following functions: administration, finance, marketing, human resources, development, investor relations, compliance, internal control.

The Company defines the “material influence” as activities that could potentially have a significant impact on:

- the Company’s results and/or balance sheet
- the Company’s reputation
- the Funds’ performance.
- the fundraising of the Funds

3.2. Type of remuneration covered by the Policy

The remuneration consists of:

- all forms of payments or benefits paid by the Company, which include:
    - fixed remuneration (payments or benefits without consideration of any performance criteria)
    - variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria)
- any contractual or discretionary compensation for termination of an employment contract
- any amount paid by the Funds itself, including carried interest, and
- any transfer of units or shares of the Funds

in exchange for professional services rendered by the Identified Staff.

The “intéressement” is excluded from this definition of remuneration for the purposes of the AIFMD specific risk alignment remuneration requirements as it is a benefit that is part of a general and non-discretionary policy and pose no incentive effects in terms of risk assumption.

3.3. Application of the Proportionality Principle

Keensight Capital has decided to request the principle of proportionality allowing the Company to meet the requirements of the AIFM Directive in a simpler way. The different risk profiles and characteristics among AIFMs justify a proportionate implementation of the remuneration principles.

Considering its size, its internal organization, the nature, the scope and the complexity of its business activities and in accordance with the AIFM Directive, Keensight Capital has decided to request the principle of proportionality allowing the Company to meet the requirements of the AIFM Directive in a simpler way. As a consequence, the Company can disapply the following requirements:

- the requirements on the pay-out process for which guidelines are given below under Section XII.IV (Payout process) of the AIFM Directive
    - variable remuneration in instruments;
    - retention;
    - deferral;
    - ex post incorporation of risk for variable remuneration;
- the requirement to establish a remuneration committee for which guidelines are given below in Section X.II (Remuneration committee) of the AIFM Directive.

However, Keensight Capital has decided to voluntary apply some of those requirements identified as "best practices" by the ESMA.

4. General Provisions

The Company philosophy is founded on the importance of setting clear and measurable goals, maintaining safe and active controls in portfolio management activities, and ensuring that employees do not take unnecessary risks.

The Company considers all potential and recognized risks, may they be financial or related to sustainability, in the firm's definition of its remuneration policy:

- Focused on the conduct of Keensight's professionals and on the consistency of this conduct with long term objectives and values of the Company;
- Prohibition of any remuneration method that might create excessive risks for the Company and/or its Funds;
- Definition of individual and collective objectives for the calculation of the variable part of remuneration that take into account the current and future potential risks that could affect the Company and its portfolio companies.

4.1. Fixed remuneration

The fixed remuneration is sufficiently high to remunerate the professional services rendered, in line 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. Individual levels of fixed remuneration should be indirectly impacted by the basic principle on risk alignment.

The fixed component represents a sufficiently high proportion of the total remuneration and therefore does not encourage excessive risk-taking by employees. The fixed remuneration has no specific minimum and is fully paid in cash.

4.2. Variable remuneration

The variable part of remuneration ("bonus") takes into consideration:

- The individual performance of the professional determined according to the following quantitative and qualitative criteria:
    - for the Investment team: those criteria are the quality of (i) the study of investigated opportunities, (ii) the acquisition of portfolio companies, (iii) the management of portfolio companies, (iv) the disposal process of portfolio companies, (v) the participation to the team's projects, meetings, and committees, (vi) business

relations with outside parties and (vii) the ability to take into account any new subject that might have an impact on the monitoring of portfolio companies (such as Environmental, Social and Governance issues);

- for the Support team: those criteria are (i) the ability to work in a team, (ii) autonomy and initiative, (iii) the ability to solve complex issues or to consult its hierarchy on them, (iv) the respect of procedures and the control of risks and (v) the capacity to analyze issues and propose solutions.
- For all employees, two additional factors are considered:
    - Extra-mile/Excellence: Autonomy, capacity to manage deadlines, proactivity, etc.
    - Attitude and Team Spirit: Alignment with KS values (trust, fairness, humility, team spirit, passion, ambition, creative thinking), management skills, capacity to inspire, positivity, communication skills.

- The collective objectives of the Company are directly related to the overall performance of the Funds. The collective objectives are divided in 4 sections:
    - Deployment
    - Performance
    - Development
    - ESG

Collective goals are set and communicated to the team in January. Individual goals are set with each team member in February N. Performance, contribution, and goal achievement of each employee are assessed in December N. The variable part of the remuneration is paid annually in January N+1 by the Company to the employees.

Guaranteed bonuses are prohibited except under special conditions upon the professional being hired: in this case, the guarantee is strictly limited to the first year.

5. Provision applicable to the Identified Staff

5.1. Employees considered as risk takers with carried interest shares.

The provision of carried interest for Keensight Capital’s employees, by allowing them to invest alongside fund investors, ensures an optimal alignment of interest between investors, employees, and the community.

The policy stipulates an obligation for risk-takers to invest significantly in carried interest shares (“C shares”). The significant portion represents at least 50% of their variable remuneration over a rolling 3-year period, invested in carried interest shares. Thus, the amount invested in carried interest shares by each risk-taker will always be greater at any given time than 50% of the cumulative amount over a rolling 3-year period of their variable remuneration.

The carried interest comes from an “excess return” (meaning compensation for fund management, in addition to the prorated share of return). The carried interest has the following characteristics:

- As mentioned in the Funds' LPA, Carried Interest Holders shall subscribe to a number of C Shares with an initial value of one hundred Euros (100€) each, representing at least one percent (1%) of the Total Commitments (including the Commitments of the Carried Interest Holders).
- The payment of the excess return of the C shares is subordinated to the minimum positive return of the ordinary shares of investors (due to the existence of a commonly referred to threshold, Hurdle).
- Access to capital gains is conditioned on a potentially quite high and very long-term return.

Keensight Capital makes a distinction between variable remuneration and carried interest shares. While variable remunerations may be paid each year, the opportunity to subscribe to carried interest shares depends on fundraising activities. Therefore, it is possible that no carried interest shares will be allocated over multiple fiscal years. As a consequence, the obligation for risk-takers to invest at least 50% of their variable remuneration in carried interest shares will only apply after a 3-year period of employment by Keensight Capital.

These carried interest shares are subject to a vesting process over a designated period of time, after which they are deemed permanently owned by the relevant individuals.

It is also specified that the acquisition of carried interest shares is financed in particular from the personal assets of each member eligible for carried interest or via bank financing (borne by the carried interest holder). Indeed, the variable compensation paid may not be sufficient to finance these acquisitions given the level of investment required by the risk takers. Keensight Capital does not provide financial support to individuals eligible to carried interest.

5.2. Employees considered as risk takers without carried interest shares.

The compensation policy incorporates the existence of deferred variable remuneration for bonuses exceeding a set threshold. The excess of variable compensation over the threshold of gross variable compensation granted in given year is differed, starting from the first euro, over a period of 3 years according to the following timeline:

- 50% of the gross consideration paid in year N+1
- 25% of the gross consideration paid in year N+2
- 25% of the gross consideration paid in year N+3

The deferred portion of the variable remuneration is subject to potential malus:

- evidence of misbehaviour or serious error by the identified staff member (e.g. breach of code of conduct, and other internal rules, especially concerning risks);
- significant changes in the AIFM's overall financial situation.

6. Remuneration committee

Considering its size, its internal organization, the nature, the scope and the complexity of its business activities and in accordance with the AIFM Directive, Keensight Capital is not obliged to set up a Remuneration Committee.

As a matter of good practice, Keensight Capital annually explores the possibility of establishing a remuneration committee. However, for the remuneration committee to operate independently from senior executives, it should consist mainly of supervisory function members who do not have executive roles, with the majority qualifying as independent. Given the current structure, forming a standard remuneration committee is not feasible, as all members of the supervisory function (i.e., the Directors) hold executive positions.

7. Review of the remuneration policy and its implementation

In the absence of a Supervisory function, the Managing Partners, with the assistance of the RCCI and of the Risk Manager, are responsible for reviewing the remuneration policy on an annual basis and assessing whether the overall remuneration system:

- Operates as intended, ensuring that all agreed plans/programs are being covered, that the remuneration payouts are appropriate, and that the risk profile, long-term objectives, and goals of Keensight Capital are adequately reflected.
- Is compliant with national and international regulations, principles, and standards.

8. Roles of the Controls functions

Keensight Capital ensures that control functions have an active role in the design, ongoing oversight and review of the remuneration policies for other business areas.

The RCCI analyses annually how the remuneration structure affects the Company's compliance with legislation, regulations and internal policies. The variable remuneration of the RCCI is based mostly on function-specific objectives and the global remuneration is designed in a way that avoids conflict of interests.

Keensight Capital delegates the periodic control function to AGAMA Conseil, an external advisory firm who carries out every 3 years, an independent audit of the design, implementation and effects of the Company's remuneration policies.