Neuberger Berman AIFM SARL

Remuneration Policy

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REMUNERATION POLICY

1. INTRODUCTION

Neuberger Berman AIFM SARL (**"NBAS"**) is an alternative investment fund manager ("**AIFM**") authorised by the *Commission de Surveillance du Secteur Financier* ("**CSSF**") in Luxembourg subject to the Luxembourg law of the 12th of July 2013 on AIFMs as amended and is therefore required to apply the Annex II of this law titled "Remuneration Policy" to the remuneration paid by NBAS to staff providing services for NBAS (whether as NBAS directly employed employees, or as staff of its affiliates).

NBAS remuneration policy applies similar principles as the ones applied by its parent company Neuberger Berman Europe Ltd. ("**NBEL**") and is designed to be compatible with NB Group remuneration principles.

1.1. Scope

For the purposes of the Annex II of the AIFM law, this NBAS Remuneration Policy applies to all 'staff' that are working for or providing their services to NBAS, including NBAS directors, long-term consultants who are remunerated along the same principles as employees and NB Group delegated portfolio managers. Employees of the Neuberger Berman Group ("NB Group") who provide services for or act on behalf of NBAS will be subject to the principles of the NBAS Remuneration Policy in respect of that portion of their compensation attributable to their activities for NBAS.

Certain elements of this NBAS Remuneration Policy only apply to senior staff, including control staff (as defined in Section 6) and material risk takers (as defined in Section 7.1), as is explained below in more detail.

1.2. Application

This NBAS Remuneration Policy applies in addition to the remuneration and employment policies and practices operated from time to time within NBAS or the wider NB Group.

1.3 Purpose

At the highest level, the remuneration policies and practices of the NB Group are intended to ensure that interests of its clients are central to NB's culture and purpose, and embedded through the firm, and to attract, motivate, appropriately reward and retain staff of the highest calibre.

This NBAS Remuneration Policy is designed to ensure that NBAS complies with the Annex II of the AIFM law after having considered the proportionality principle.

The formulation of this NBAS Remuneration Policy takes into account the business strategy, objectives and values of NBAS, NBEL and the wider NB Group, as well as the NB Group-wide remuneration programmes.

This NBAS Remuneration Policy is also intended to ensure that remuneration structures do not create conflicts of interest and do not incentivise behaviour that is inconsistent with the interests of investors in any funds or products of the NB Group or the risk profile of NBAS itself.

1.4 Implementation

This version of the NBAS Remuneration Policy will apply from the Effective Date set forth on the front page of this Policy.

1.5 Approval

This NBAS Remuneration Policy has been reviewed by the EMEA Compensation Committee and has been approved by the Board of Directors of NBAS.

1.6 Review

On at least an annual basis, and more frequently as may be required, the NBEL Human Capital Management (“HCM”) staff and members of the NBAS Compliance Department will:

- review this NBAS Remuneration Policy (taking into account any changes in relevant regulations and any material changes to the NB Group’s remuneration practices or incentive structures); and

- report any proposed changes to the Policy to the EMEA Compensation Committee and the Board of Directors of NBAS.

2. PROPORTIONALITY

2.1 Article 1 of the Annex II

The Article 1 of the Annex II of the AIFM law indicates that AIFMs must comply with the principles listed in the Annex II in a way and to the extent that is appropriate to their size, internal organisation, and the nature, scope and complexity of their activities.

This decision to apply the proportionality principle has been reviewed and agreed by the Board of Directors of NBAS and will be kept under regular review. Criteria considered when determining proportionality is detailed as Appendix A.

3. GOVERNANCE

The Board of Directors of NBAS is responsible for ensuring compliance by NBAS with the Annex II of the AIFM law. To this end, an EMEA Compensation Committee (a Committee of the Board of Directors of NBEL) has been constituted to establish, implement and maintain remuneration policies and practices of the firm. In addition, senior management of the NB Group (at a global level) will have authority to take certain decisions in respect of remuneration of staff of NBAS in accordance with the policies of the NB Group as approved by the compensation committee of the board of directors of Neuberger Berman Group LLC ("**NBG Compensation Committee**").

The Board has determined that the processes set out in this NBAS Remuneration Policy reflect an appropriate structure for the governance of the remuneration decision-making process, including to ensure compliance with these regulatory obligations.

4. FIXED REMUNERATION

Fixed remuneration. Fixed pay is intended to be set at a level that allows NBAS to attract and retain talent. Fixed pay is benchmarked regularly to ensure that remuneration is competitive, taking account of the size of the organisation and its activities.

Pension. NBAS operates a defined contribution pension arrangement. NBAS does not provide discretionary pension benefits, nor will it make any non-standard one-off pension payments that are of a discretionary nature.

5. VARIABLE REMUNERATION

5.1 Bonus schemes

5.1.1 Participation in bonus pools

The NB Group operates various bonus schemes for different populations of staff. Staff of NBAS may be eligible to be considered for a bonus payable out of a specific bonus pool under one or more of these schemes. Bonuses are discretionary unless otherwise agreed-to in writing.

The basis for determining a bonus pool, and for determining individual bonus awards, depends on the terms of the applicable bonus scheme.

Senior staff within the relevant population eligible to participate in a bonus pool may be involved in the process for determining the bonus pool, but in no cases will a staff member who is eligible to participate in a bonus pool have complete authority (either individually or as part of a committee) to give the final approval to any bonus pool in which they are eligible to participate (nor to approve their own individual remuneration outcome).

5.1.2 Bonus pools Administration

<u>Determination</u>

Discretionary bonus pools are determined by senior management of the NB Group from funds allocated annually for global incentive compensation by the NBG Compensation Committee.

In addition to the discretionary bonus pools, certain staff of NBAS may also be eligible to participate in formulaic bonus pools pursuant to which collective bonus pools are determined, either in full or in part, on a formulaic basis. In such cases the determination of an individual remuneration outcome shall be discretionary (unless otherwise agreed-to in writing) and shall include a consideration of any relevant matters (and the remuneration outcome may be adjusted as necessary, including to nil) through the process described below at section 5.1.3

<u>Risk adjustment</u>

Any discretionary bonus pool may be recommended for adjustment by the EMEA Compensation Committee as necessary and appropriate to reflect any relevant identified matters at NBAS or the relevant business unit or team. Individual bonus awards may also be adjusted through the process described below at section 5.1.3.

5.1.3 Individual outcomes

Determination process

Individual bonus awards from bonus pools are determined by relevant management teams and NB Group HCM. In no case will any individual have authority to determine his or her own bonus award.

Staff members should bear in mind that discretionary bonus pools are (a) discretionary and not in any way guaranteed, and (b) dependent upon profits within the NB Group being available for distribution within a bonus pool. These two factors, together with the risk review process, could result in senior management of the NB Group, Senior Managers within NBAS and the EMEA Compensation Committee determining that there are to be no bonuses at all paid in a particular year or years where NB Group or NBAS has subdued or negative financial performance or where it otherwise cannot maintain a sound capital base.

The determination of a bonus award to an employee of NBAS out of a bonus pool will in all cases take into account the individual staff member's performance in the relevant performance period based on an assessment of both quantitative and qualitative criteria.

This annual assessment of such NBAS employee's performance will include an assessment of the individual's compliance with all applicable NBAS, NBEL and NB Group policies, including, without limitation, the Code of Conduct; compliance with all applicable laws or regulatory requirements; compliance with all instructions given to the staff member in relation to the proper performance of their role; and compliance with the terms and conditions of employment.

Risk adjustment

Where any relevant matters are identified at the level of the NBAS employee through the review process described at paragraph 5.1.2 above (including personal conduct or risk failings) at any point in the year (and not just at compensation review etc.), the input of the HCM, Compliance, Risk Management, Internal Audit and other functions of NBAS, as appropriate, shall be obtained and reviewed by the EMEA Compensation Committee. The determination of the relevant bonus outcome will then include a consideration of all such risks, failings or similar, having regard to the input of those control functions, and the individual bonus award may be reduced, including to nil, as necessary and as is determined appropriate to reflect such factors. Where any adjustment to an individual bonus award is proposed, the adjustment shall be subject to approval at the management level above that at which the individual bonus award would otherwise be approved.

Material Risk Takers

In addition to the above process, the individual bonus awards for any NBAS material risk takers, pursuant to 7.1, shall be considered by the EMEA Compensation Committee and senior management of the NB Group.

Control functions

See section 6 below on further information applicable to the determination of individual bonus awards for staff in control functions within NBAS (for the avoidance of doubt, staff in control functions form a subset of those persons defined as material risk takers).

5.1.4 Pay out process

The NB Group operates the Contingent Compensation Plan (the "**CCP**").

On the current terms of the CCP, 20% of total compensation (as defined in the CCP) more than $500,000 (excluding carried interests) shall be deemed contingent and maintained in "notional form", such that the value of the compensation is tied to the performance of a portfolio of the NB Group's investment strategies as specified by the NB Group on an employee-by-employee basis.

In the case of Portfolio Managers, the CCP is currently structured so that such employees have exposure to the investment strategies of their respective investment teams as well as the broader NB Group's portfolio.

Under the terms of the CCP, such "contingent amounts" vest and are paid out in three tranches over three years, subject to the participant's continued employment with the NB Group through the vesting dates. In the event of termination of employment, unvested amounts are generally forfeited except in the case of certain involuntary terminations or retirements, in in such cases subject to additional provisions tied to continued vesting.

The terms of the CCP are varied from time to time, but to the extent that any such variation would apply to staff of NBAS the terms of the variation would include consideration of the relevant regulatory obligations.

5.2 Other variable remuneration arrangements

Certain staff of NBAS may be invited to participate in carried interest and performance fee arrangements. These carried interest arrangements are considered to fully align the risk and reward for participants with those of investors in the fund because participants are rewarded only if investors have received a return of their capital plus a premium, and carried interest payments are typically subject to clawback, and so are not subject to further risk alignment requirements under the NBAS Remuneration Policy.

In addition, certain employees may have personal investments or interests in closed-end funds which allow the employees to participate in the profits generated by such funds. Such investments or interests are funded by the employees, such that any return on such investments or interests is not treated as remuneration within the scope of this NBAS Remuneration Policy.

5.3 Balance of fixed and variable components of total remuneration

NBAS is obliged under the Annex II of the AIFM law to ensure that payments of fixed and variable components of a member of staff's total remuneration are appropriately balanced, and that the fixed component represents a sufficiently high proportion of total remuneration so as to enable the operation of a fully flexible policy on variable remuneration, including the possibility of paying no variable remuneration component. NBAS is obligated to set an appropriate ratio between the variable and the fixed component of staff's total remuneration, with scope for different ratios for different categories of staff. Ratios may differ from one performance year to the next.

NBAS's ratios for the current financial year for different categories of staff are maintained by the Head of Human Capital Management.

6. STAFF IN CONTROL FUNCTIONS

This section applies in respect of staff employed within the various control functions of NBAS, as defined from time to time and including, but not limited to, heads of key areas including Risk Management, Compliance, Internal Audit, Human Capital Management and business units (Finances).

6.1 Structure of the control functions

Staff within these functions report to and are managed by senior staff within that function, in all cases independently of the managers of the businesses in respect of which the control function is performed. Staff in these functions are employed solely to provide services within the relevant function, and do not hold any roles within the business in respect of which the control function is performed.

6.2 Variable remuneration for staff in control functions

<u>Assessment of performance</u>

The annual performance objectives set for staff engaged in control functions: (i) primarily relate to their performance of the relevant control functions; and (ii) do not to relate to any extent to the financial performance of the business areas that they support.

Performance of staff in control functions is appraised annually by reference to these objectives, and the appraisal process is undertaken independently from the business areas that they support albeit input may be requested as appropriate.

<u>Bonus pools and award process</u>

Staff of NBAS in control functions are eligible to participate in a discretionary bonus scheme.

The determination of any bonus pool in which any member of control staff of the NBAS is eligible to participate is determined primarily by reference to the overall profits of the NB Group. The determination of the discretionary bonus pool is subject to the process specified in section 5.1.2 above, through which relevant risks at the level of, and the capital position of, NBEL can be identified and reflected.

Individual bonus awards to staff in control functions are determined on a discretionary basis, taking into account performance against the individual's personal objectives (which, as above, are set by reference to the performance of the control function, and do not relate to any extent to the performance of the business areas that they support). The determination of the individual bonus outcomes is subject to the process specified above at section 5.1.3, through which relevant risks can be identified and reflected.

In addition to the process set out in Section 5, the individual bonus awards for all senior staff within each control function are subject to review at both the level of the senior management of the NB Group and EMEA Compensation Committee.

7. MATERIAL RISK TAKERS

7.1 Identification of NBEL material risk takers

NBAS is required to identify those staff who are "material risk takers" and apply the Annex II of the AIFM law to such persons. A material risk taker is defined as a staff member whose professional activities have a material impact on the risk profile of the firm or of the assets that the firm manages.

The Head of HCM maintains a list of NBAS's material risk takers at NBAS and at delegates.

Categories of NBAS Material Risk Takers

The following categories of staff shall be considered material risk takers in addition to control functions (as described above):

(A) a member of the management body in its management function;

(B) a member of the management body in respect of the management body in its supervisory function;

(C) a member of the senior management;

(D) staff with managerial responsibility for business units that are carrying on at least one of the following regulated activities: (a) arranging (bringing about) deals in investments; (b) dealing in investments as agent; (c) dealing in investments as principal; (d) managing investments; (e) making investments with a view to transactions in investments; (f) advising on investments;

(E) staff with managerial responsibilities for the activities of a control function (defined as in section 6 above);

(F) staff with managerial responsibilities for the prevention of money laundering and terrorist financing;

(G) staff responsible for managing a material risk within the firm;

(H) staff responsible for managing one of the following activities: (a) information technology; (b) information security; and/or (c) outsourcing arrangements of critical or important functions;

(I) staff with authority to take decisions approving or vetoing the introduction of new products;

(J) staff without any senior and experienced material risk taker who supervises them on a day-to-day basis or to whom they report, where they are responsible for key strategic decisions, and they are responsible for significant revenue, material assets under management or for approving transactions; and

(K) 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.

7.2 Approval process

The list of NBAS material risk takers will be reviewed by the EMEA Compensation Committee every financial year, as early as possible within each financial year, through the process set out below. The HCM function of NBEL will keep the list under more regular review, and changes may be made to the list more frequently than the annual review, including, but not limited to, in the event of new appointments, promotions, changes in duties and departures.

The EMEA Compensation Committee is responsible for determining a proposed list of NBAS material risk takers.

The proposed list of NBAS material risk takers will be submitted to the Board of Directors of NBAS for approval on an annual basis with the Remuneration Policy. As part of this approval process, the Board of NBAS shall be provided details of any staff who were considered for inclusion in either list but who were excluded on the grounds of not having a material impact on risk.

NBAS material risk takers will be notified of their status.

8. DEFERRED REMUNERATION, MALUS AND CLAWBACK

In accordance with clause 5.1.4 above, the NB Group operates the CCP under which 20% of total compensation in excess of $500,000 awarded to a staff member, whether a material risk taker, control function or otherwise, is deemed contingent, and is invested in "notional form", such that the value of the compensation is tied to the performance of a portfolio of the NB Group's investment strategies as specified by the NB on an employee-by-employee basis.

In accordance with the Annex II of the AIFM law, all variable remuneration, retention awards, severance pay and buy-out awards, are required to be subject to the application of malus (reducing or cancelling deferred incentive awards that have not yet vested), and clawback (recouping already vested awards) in the event that any staff member is proven to have acted in a way that the Board of Directors of NBAS considers to be misconduct, or the individual in question no longer achieves the honourability criteria in accordance with CSSF requirements, or there is reasonable evidence of the individual's misbehaviour or material error, or their actions or inactions directly caused NBAS or any relevant business unit, or clients to suffer a material downturn in its financial performance.

Malus terms, and the right of NBAS to reduce or cancel any deferred compensation under the CCP, may be applied by the Board of Directors of NBAS and the EMEA Compensation Committee at any time while compensation is deferred or deemed contingent until the compensation has vested in its entirely, though once vested and once paid, any deferred compensation may, in extreme circumstances, still be subject to clawback (see below).

In accordance with the Annex II of the AIFM law and to the extent permissible under applicable law, the Board of Directors of NBAS and the EMEA Compensation Committee will apply clawback requirements and demand the repayment of already vested and/or paid variable remuneration awards if any staff member is proven to have engaged in misbehaviour, material error, or cases of fraud or other conduct with intent or severe negligence which led to significant loses for the firm or any client(s).

Any application of malus or clawback will always be conducted with the approval and sign-off from the EMEA Compensation Committee and the Board of Directors of NBAS.

9. BUY-OUT AWARDS

Buy-out awards will only be offered to new recruits exceptionally, subject to the terms of this NBAS Remuneration Policy and on terms such that the buy-out awards reflect the amount and terms (including the form, and any deferral or retention periods) of the variable remuneration awarded or offered by the individual's previous employer. Any Buy-out awards will be discussed and agreed between the Hiring Manager, HCM and Compliance.

These arrangements will be reported to the EMEA Compensation Committee.

10. GUARANTEED REMUNERATION

NBAS does not use guaranteed sign-on or retention bonus arrangements as a matter of course. Such arrangements may be awarded in exceptional circumstances, for a specific business purpose, but only if such guaranteed bonus is:

a. Exceptional;

b. awarded in the context of hiring a new employee; and

c. limited to the first year of service.

Guaranteed bonus awards will be included for the purpose of the CCP calculation set out at section 5.1.5 above.

11. TERMINATION

Ordinarily only individuals actively employed on the date bonuses are paid, and who have not given notice of resignation or been notified of their employment termination before that date, are eligible for discretionary bonuses, such that partial or pro-rata bonuses are not paid to those whose employment has terminated or who are notified that their employment is being terminated before bonuses are communicated. Any exception to this position would require approval by EMEA Compensation Committee and at the level of senior management of the NB Group, which will only provide such approval to the extent that sufficient evidence has been provided that any such payment reflects performance achieved over time and does not reward failure or misconduct.

Unvested Contingent Amounts under the CCP are forfeited on resignation (other than Retirement) or termination for cause, and NBAS therefore ensures that, subject to applicable local laws, payments on termination are appropriate and do not give rise to improper or undue benefits or any rewards which are not in line with performance over time.

12. AVOIDING CONFLICTS OF INTEREST

The NB Code of Conduct includes a section titled “Conflict of Interest”. A breach of the Code of Conduct may give rise to disciplinary action being taken against the employee (and may result in his or her dismissal). As a reminder further details on the way NBAS manages conflicts of interests are described in NBAS Conflict of Interest Policy.

All discretionary and formulaic bonus pools and individual remuneration outcomes are subject to review and the potential for adjustment in accordance with the processes described in this NBAS Remuneration Policy. As described in this NBAS Remuneration Policy, no member of staff has authority (either individually or as a member of a committee) to approve the determination of any bonus pool in which they are eligible to participate or their own remuneration outcomes.

Where potential conflicts of interest of a specific nature are identified, additional policies and procedures may be established to manage such conflicts, compliance with which will be considered in the remuneration discussion making process (as above).

13. PROHIBITION ON PERSONAL INVESTMENT STRATEGIES

NBAS operates a “Personal Account Dealing Policy” (the “PAD Policy”) which applies to all staff of NBAS, its branches and its subsidiaries (if any). Breaches of this PAD Policy could result in employees being required to reverse transactions, and the PAD Policy also contains a procedure to be followed for pre-approval of certain transactions. The PAD Policy is regularly reviewed.

In addition to the PAD Policy, all staff of NBAS are prohibited from using personal hedging strategies, or contracts of insurance relating to compensation which could undermine any of the terms of this NBAS Remuneration Policy (or any of the terms of any other policy operated by the NB Group, including, without limitation, policies intended to manage risk and/or conflicts of interest).

NBAS staff may be required to provide NBAS with formal written undertakings that they will not use, and have not used, such personal hedging strategies, remuneration-related or liability related insurance, or any other method or vehicle which could lead to avoidance of any provision of this NBAS Remuneration Policy.

NBAS may review from time-to-time personal account dealing records of staff for the purpose of ensuring that such staff are not using personal hedging strategies.

The use of such personal hedging strategies/insurance, and/or breach of the PAD Policy, may constitute gross misconduct and will render the individual liable to dismissal.

APPENDIX 1 - PROPORTIONALITY CRITERIA

The following elements are considered in determining whether proportional disapplication of criteria rules can apply. These are not exhaustive but include the following:

Criteria	**Assessment**
Size	Medium size AIFM: • about 53 staff members • About €3bn in AUM
Internal organisation	Simple organisation since: • All decisions pertaining to the AIFM are taken in the AIFM head office in Luxembourg. • The AIFM does not have branches and subsidiaries. • The AIFM receives the support of its parent company for several support functions.
Nature, Scope and complexity of activities	Relatively simple activities since the AIFM: • Works with NB Group delegated portfolio managers • Does not use a complex distribution network but only 2 NB Group distributors • Deals with professional investors (no MIFID retail permission) • Mostly manages private equity co-investment funds • Has no branches or susidiaries • Is appointed as AIFM only for NB Group funds (NBAS does not work as a third-party AIFM) • Is not a “super manco” with UCITS permission.