

REMUNERATION POLICY

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Document Circulation

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Review Cycle

This document shall be reviewed on a yearly basis at least or when required by major changes in the organization (internal governance framework) and operational processes of the Company.

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1. BACKGROUND

6 Monks (6M) (the “**Company**”, “**6M**” or “**we**”), is a Luxembourg private limited liability company (*société à responsabilité limitée*), having its registered seat at 1A, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 259714.

6M is a regulated third-party management company for Undertakings for Collective Investments (“**UCI**”). 6M acts as Alternative Investment Fund Manager (“**AIFM**”) offering independent fund management services for Alternative Investment Funds (“**AIF**”).

In accordance with the requirements resulting from European directives and guidelines of the European Securities and Markets Authority (“**ESMA**”) the Company has drawn up this remuneration policy (the “**Policy**”) that promotes sound and effective management and that do not encourage excessive risk-taking which is inconsistent with the relevant risk profile rules or instruments of incorporation of the AIFs concerned with respect to the remuneration of employees of the Company.

The Policy must be approved by the executive committee (the “**Executive Committee**”) and the board of managers (the “**Board of Managers**”) and be available to the Company’s employees and published on the Company’s website.

2. SCOPE OF THE POLICY

The Policy is consistent with and promotes sound and effective risk management, through measures that do not induce excessive risk taking. Additionally, the purpose of the Policy is to ensure that the remuneration practices and procedures are aligned with AIFs' investors protection and that the total variable remuneration, which the Company might pay out, will not undermine the Company's ability to achieve and maintain a sound capital base.

With due regard to the above, the objective of this Policy is also to attract, retain, develop, and reward the employees who contribute to the value creation of the Company and thereby support its performance.

The Policy is in line with the business strategy, the objective, the value and the interests of the Company and of the AIFs as well as of the investors and includes appropriate measures to avoid conflicts of interest.

In accordance with the regulations in force and unless they do not have any material impact on the AIFM's risk profile or on an AIF it manages, the Identified Staff (as further described in the ESMA Guidelines) includes employees whose professional activity may have a significant influence, by their decisions, on the risk profile of the Company and the AIFs managed. Identified Staff include:

- the portfolio management team;
- the risk management team;
- the legal and compliance control team;
- the Senior Management's members of the Company;
- the members of the Board of Managers of the Company (if they are remunerated or otherwise compensated by the Company);
- any other material risk taker employed by the Company or any Company employee with a total remuneration in the same bracket as Senior Management's members.

The Company ensures that the remuneration of the Identified Staff is consistent and appropriate with their responsibilities, tasks, expertise and level of authority.

3. DEFINITIONS

AIFM Law	The law of 12 July 2013 on alternative investment fund managers, and notably its annexe II.
Commission Recommendation	Commission Recommendation of 30 April 2009 on remuneration policies in the financial services sector.
ESMA Guidelines	The ESMA Final Report on Guidelines on sound remuneration policies under the AIFMD 2013/201 of February 11, 2013, the ESMA Guidelines 2013/232 On Sound Remuneration Policies under the AIFMD dated July 3, 2013, and the Final Report on the ESMA guidelines on sound remuneration policies under the UCITS Directive and the AIFMD as amended 2016/411.
Identified Staff	The members of the different categories of staff as described in section 2 of the Policy.
Senior Management	Means the persons who effectively conduct the business of the Company within the meaning of Article 7(1)(c) of the AIFM Law, also known as “Authorized Management” or the “Conducting Officers” or the “Executive Committee”.
Sustainability Risks	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 investment.
Portfolio Management Policy	Means the portfolio management policy of the Company.
UCI Law	The Law of 17 December 2010 on undertakings for collective investment, as amended.

4. PROPORTIONALITY PRINCIPLE

In its guidance, ESMA sets out the possibilities for non-application of the ESMA Guidelines in accordance with the principle of proportionality, if this is compatible with the risk profile, risk appetite and strategy of the AIFM and the AIFs it manages. As a precondition for the non-application of the principles for a particular type of AIFM or risk taker, ESMA requires that AIFM be able to justify to the competent authorities, if they so request, the non-application of each of the requirements.

Therefore, 6M's application of the proportionality principle is motivated by the following elements:

- volume of assets under management of 6M is without leverage;
- the Company has 9 employees;
- the legal structure is rather simple with a direct majority shareholder and indirect minority shareholders are some of the employees of 6M and one board member;
- the Company's internal organization is relatively simple such that the main activities performed by the Company, i.e. portfolio management and risk management, are clearly separated with separate reporting lines. The risk management function is entirely dedicated to measuring, monitoring and managing the exposure to risks borne by the AIFs, including any operational risks;
- additional asset class strategy requested shall be private equity;
- AIFM services and fund administration services are the services provided by 6M. 6M does not provide any of the services mentioned in article paragraph 4 of the AIFMD

Therefore, considering the above justifications, the Company:

- does not put in place a remuneration committee as further explained in section 10;
- does not implement a mechanism for spreading the payment of variable compensation over a period of at least three to five years.

5. GOVERNANCE OF THE REMUNERATION POLICY

In accordance with the ESMA Guidelines, requirements on the governance of remuneration shall apply to the AIFM as a whole. In this respect:

The shareholders of the AIFM shall:

- approve the Policy as well as the decisions relating to the remuneration of the Board of Managers;
- approve welcome bonuses upon recommendation of the Conducting Officer in charge of Human Resources.

The Board of Managers shall:

- approve, maintain and oversee the Policy;
- approve any subsequent material exemptions or changes to the Policy;
- monitor the effects of the Policy;
- take into account the inputs provided by all competent functions of the AIFM (risk management, compliance, human resources, strategic planning);
- ensure that the Policy is consistent with and promotes sound and effective risk management;
- assess and fix the remuneration of the Senior Management and of the persons holding control functions.

Senior Management shall:

- remain responsible for the proposals submitted to the approval of the shareholders of the AIFM as well as for the implementation and oversight of any changes to the Policy;
- ensure the Policy is reviewed at least annually in accordance with the principle of proportionality; review process to which the control functions shall be involved;
- determine a remediation plan where necessary.

The control functions shall:

- have an active role in the design, ongoing oversight and review of the Policy;
- assist in determining the overall remuneration strategy applicable to the AIFM with respect to the promotion of effective risk management;
- the risk management function should assess how the variable remuneration structure affects the risk profile of the AIFM;
- the compliance function should analyse how the remuneration structure affects the AIFM's compliance with legislation, regulations and internal policies;
- the internal audit function should periodically carry out an independent audit of the design, implementation, and effects of the Policy.

6. PRINCIPLE OF EMPLOYEES REMUNERATION

In accordance with the ESMA Guidelines, the term “remuneration” includes (i) all forms of payments and benefits paid by the AIFM, (ii) any amount paid by the AIF itself, including any performance fees paid directly or indirectly for the benefit of the employees concerned as well as carried interest; and (iii) any transfer of units or shares of the AIF, granted in exchange for professional services provided by the relevant employees of the fund manager.

The remuneration of Company’s employees consists of the following:

- a fixed remuneration, based on the provisions of the individual employee’s employment contract and her/his role, responsibilities and level of expertise. It may evolve based on Luxembourg law provisions for salary indexations, or Company’s management decisions;
- variable compensation, which rewards individual and collective performance or might depend on other contractual criteria. Variable remuneration is discretionary and depend on the performance of the employee, the AIF and the overall performance of the AIFM.

Fixed remuneration is a sufficiently high proportion of total compensation that a fully flexible policy can be exercised in terms of variable compensation, including the possibility of not paying any variable compensation.

The reference period used for the assessment of the employees and the measurement of their individual and collective performance in order to determine the variable remuneration corresponds to the calendar year.

Payment of the remuneration will also follow the below guidelines:

- Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration;
- Variable remuneration shall be paid in liquidity, transferable securities or virtual assets, provided that in no event shall the variable remuneration consist in instruments giving access to the share capital of, or share of carried interest from, any AIFs managed by the Company;
- Variable remuneration will not be deferred, (it being acknowledged that such variable remuneration is calculated on the basis of the overall performance of the Company, allocated on a discretionary basis and not ensured from one year to another) in accordance with the proportionality principle;
- 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;
- Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the AIFM Law;
- When determining individual performance, non-financial criteria, such as compliance with internal rules and procedures, as well as compliance with the standards governing the relationship with customers and investors will be taken into account.

7. FIXED REMUNERATION

The Company remunerates its employees primarily with a salary, which is a fixed amount of compensation per month. This fixed remuneration, determined according to the role of the employee, including the level of responsibility, the complexity of the position and general market practices, comprises the annual base salary, which is paid monthly in 12 installments.

The Company may also offers the following benefits in kind:

- Health insurance;
- Life insurance;
- Pension plan with an employer contribution corresponding to 6% pf the annual gross salary;
- Access to free parking slot;
- Lunch vouchers.

However, it should be noted that the Company, at its sole discretion, might offer additional benefits to certain employees such as scholarships and training/study fees, entertainment allowances and accommodation expenses.

8. ALLOCATION OF VARIABLE COMPENSATION

The Policy provides for the allocation of variable compensation to Identified Staff on a discretionary basis decided by the Board of Managers. Compliance with internal regulations, procedures and organizational policies is considered for the allocation of variable compensation.

The variable compensation takes into account the qualitative and quantitative criteria specific to each of the persons and functions concerned and is subject to an annual evaluation during the end-of-year interview.

The Company ensures that the measurement of performance used to calculate the amount of variable remuneration to be allocated to the employees is determined by taking into account the full range of current and potential risks (including sustainability-related 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 AIFs concerned and of the overall results of the Company. The performance evaluation is carried out within a multi-year framework adapted to the holding period recommended to investors in the AIFs managed by the Company, in order to ensure that it addresses the long-term performance of the AIFs and that the actual payment of the performance-based components of the remuneration is spread over the same period.

Performance measurement, when used as the basis for calculating the variable components of individual or collective compensation, includes a global adjustment mechanism that incorporates all types of present and future risks associated with the underlying performance and takes into account the cost of capital employed and the liquidity required.

In determining individual performance, the Company takes into account other criteria such as compliance with internal rules and procedures, compliance with the Company's systems and controls, and compliance with customer and investor relations standards.

Members of the Identified Staff are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

9. DIVIDENDS PAYMENTS AND INCENTIVE PLAN

On August 1, 2022, the Court of Justice of the European Union (“CJEU”) clarified that “the payment of dividends to Conducting Officers of a fund manager who also have a direct or indirect interest in that company must comply with the provisions on sound remuneration policies set out in the AIFMD¹”.

The CJEU considers indeed that provisions governing remuneration must be applied to any payment or benefit pays to employees of an AIFM, even if it does not constitute remuneration in consideration for professional services and to the extent a “connection exists between the profits generated by the AIFs, the profits generated by the fund manager, and the amounts paid by that manager to its employees as dividends of the shares they hold in that company such that those employees have an interest in those [...] AIFs generating the highest possible profits in the short-term.”

In order to assess the above the following criteria must be reviewed:

- the size of the shareholding of the employees concerned in the AIFM;
- voting rights attached to those shares;
- types of shares;
- the dividend distribution policy;
- the potentially minor nature of the amount of fixed remuneration paid to employees by that manager and whether those employees actually find themselves induced to take excessive risks such as those described above.

In addition, the CJEU ruled that a dividend policy of a fund manager may fall within the scope of the provisions of the AIFMD regarding the remuneration where the payment policy of those dividends is such are to induce those employees to take excessive risks which are detrimental to the interests of the AIFs managed by the AIFM and to the interests of their investors as further required by the AIFM Law and notably by the principles set out in annex II of the latter.

An incentive plan has been implemented by the Company under the form of an indirect shareholding in the Company through a Luxembourg société en commandite spéciale, namely 6M Incentive, which shareholding is capped at 35% of the Company’s share capital.

The beneficiaries of the incentive plan may comprise, but are not limited to, Members of the Identified Staff.

The incentive plan is designed as an equity instrument only, and the access thereto is reserved to persons willing to invest (either in cash, in kind or in industry) into the Company as entrepreneurs. It is not primarily based on the performance of any AIFs managed by the Company, nor shall it compensate the mere performance of any Member of the Identified Staff.

As such, it shall not constitute any variable or additional compensation to any Members of the Identified Staff, and it shall not be construed to constitute any such compensation (or any right thereunder) by any Member of the Identified Staff or any other person.

Yet, for the exclusive purpose hereof, the incentive plan and the rights of any beneficiaries thereunder, as long as such beneficiaries also qualify as Members of the Identified Staff, shall always follow the principles set out in this Policy.

¹ Lexology, September 7 2022. CJEU clarifies when dividend payment by fund managers must comply with the sound remuneration principles under AIFMD and UCITS Directive.

10. REMUNERATION COMMITTEE

In accordance with the ESMA Guidelines and taking into account the size, scope, complexity and nature of the activities performed by the Company, it was decided at this stage not to set up a specific remuneration committee. As part of the annual review of the Policy as further described in section 13.2, the Company will review and assess the relevance of setting up a dedicated remuneration committee.

11. CONFLICTS OF INTEREST MITIGATION

In order to mitigate potential conflicts of interest, the Company implements the following control mechanisms:

- remuneration of the staff involved in the risk management function will reflect the achievement of objectives linked to the risk management function, independently of the performance of the business area in which they are engaged;
- remuneration of the conducting officers and heads of control functions is not linked directly to the performance of the business area they control and is in accordance with objectives linked to their functions.

12. DELEGATION OF PORTFOLIO MANAGEMENT OR RISK MANAGEMENT FUNCTIONS

When delegating investment management functions (including risk management) according to Article 18 of the AIFM Law, the Compliance Officer will ensure that:

- the entities to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under this Policy; or
- appropriate contractual arrangements are put in place with entities to which portfolio management or risk management activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines.

The Compliance Officer will escalate any questions to the Senior Management and to the Board of Managers.

13. DISCLOSURES

13.1. Integration of sustainability risks

In accordance with Regulation (EU) 2019/2088, "SFDR", the Company includes in the Policy information on how these policies are consistent with the integration of "sustainability risks".

All employees who have a variable compensation component are evaluated against qualitative and quantitative targets that are commensurate with their position and responsibilities. All employees have performance objectives associated with risk and compliance outcomes. However, although 6M considers the environmental or social characteristics of its investments into its Portfolio Management Policy depending on the investment strategy of its AIFs under management, to the extent applicable, Sustainability Risks are taken into account when setting targets and assessing performance for the variable remuneration of its employees considering the current size and asset types under management.

6M shall continue to review the above and consider its obligations in this respect so that the Policy shall be amended upon the occurrence of a modifying element.

13.2. Other external disclosures

Without prejudice to confidentiality and data protection provisions, relevant information on the remuneration and any Policy changes should be disclosed.

Such disclosures shall take the form of an independent remuneration policy statement, a periodic disclosure in annual financial statement or any other form.

In accordance with the recommendation 8 of the Commission Recommendation, level of external disclosures is determined by the Company taking into account the nature, the size as well as the specific scope of activities of 6M and in accordance with the proportionality principle as further described in section 4 above.

13.3. Internal disclosures

The Policy will be accessible to all employees, which will know in advance the criteria that will be used to determine their remuneration.

Confidential quantitative aspects of the remuneration of employees will remain confidential and will thus not be internally disclosed.

The information provided to employees will contain the following elements:

- information on linkage between pay and performance;
- information on the criteria used for performance measurement and the risk adjustment; and
- information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based.

14. POLICY OWNER AND DATE OF IMPLEMENTATION

The Head of Legal and Compliance has been formally appointed as the owner of this Policy. Any amendment to this Policy may be made by the Compliance Function and Senior Management and must be duly approved by the Board of Managers of the Company. The Policy must be updated as soon as possible to take into account the changes in the regulatory and applicable standards affecting the AIFM and at least must be reviewed on an annual basis.

15. APPROVAL

This Policy has come into force by approval of the Executive Committee and adoption by the Board of Managers and has no signatures.

ANNEX 1: REGULATORY REFERENCES

The Company takes the necessary steps to align its Remuneration Policy with current best practices and the relevant Luxembourg regulatory framework.

Laws	Law of 12 July 2013 on alternative investment fund managers
Code	Criminal Code of the Grand Duchy of Luxembourg
CSSF Circulars	CSSF Circular 18/698
Directives and Regulations	Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing and Directives 2009/138/EC and 2013/36/EU
	Directive 2014/65/EU on markets in financial instruments (“MiFID”)
	Directive 2011/61/EU on Alternative Investment Fund Managers (the “AIFM Directive”)
	Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision
	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
ESMA Guidelines	Guidelines of the European Securities and Markets Authority ESMA/2016/579 and ESMA/2017/575 ESMA/2016/411