
PERSONNEL RECRUITMENT, REMUNERATION AND EVALUATION MANUAL

FOSTEUS FUND MANAGEMENT LTD

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All Directors, officers, employees and persons engaged in the business activities of **Fosteus Fund Management Limited** (hereafter the “**Company**”), must be informed of the existence of the Recruitment, Remuneration and Personnel Evaluation Manual (hereafter the “**Manual**”) upon commencement of their employment or engagement, where applicable, read through it and up to date with the developments incorporated in it.

Any words, phrases or abbreviations used in this Manual shall have the meaning attributed to them in section “Definitions” of the Company’s General Information & Guidelines Manual, unless otherwise defined within this Manual.

The Manual shall only be read in conjunction with the Company’s General Information & Guidelines Manual and other accompanying manuals.

Version Control

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INTRODUCTION

Purpose of this Manual

This Manual documents policies and procedures in respect to the recruitment of personnel to the Company, their remuneration and the evaluation of their performance. To ensure the Company provides high quality services and continues to meet its business standards, it needs to be able to recruit and select the best quality staff: fairly and cost-effectively; in the right numbers; with the right capabilities and experience; and at the right time.

This Manual further describes the remuneration and performance policy of the Company, striving to set the Company's personnel's total remuneration package at a competitive level by benchmarking to the market and providing incentives geared to agreed performance outcomes, where appropriate.

Content of this Manual

This Manual elaborates on the following in respect to the Company:

1. Recruitment of personnel;
2. Remuneration of personnel; and
3. Assessment of the personnel's performance.

RECRUITMENT OF PERSONNEL

The success of any organization depends to a large extent on the quality of its workforce. To provide the best possible level of services to the managed AIFs, the Company needs highly skilled, flexible, and motivated employees.

To achieve this, there must be fair, robust and efficient recruitment and selection processes, which comply with the applicable legislation and best practices. In accordance with the Company's equality and diversity policies, job applicants are treated solely on the basis of their merits, regardless of gender, colour, ethnic or national origin, age, background, disability, religious or political beliefs, family circumstance, sexual orientation or other irrelevant distinction.

The Company has in place policies and resources for its recruitment and selection processes that are modern, efficient and effective and ensure that the Company recruits individuals who demonstrate that they are committed to the Company's core values.

The Company does not consider nor making any differentiation on employees' when considering sustainability risks where applicable.

In the future the Company might at the discretion of the Directors consider the use of remuneration incentives depending on positive or negative impacts on Environmental, Social and or Governance.

1. Core recruitment standards

The following core standards provide for a consistent approach to quality recruitment and reflect the Company's values:

1. Through the clarity, fairness and courtesy shown to candidates at each stage of the process, all the Company's staff involved in the recruitment and selection procedure shall promote the Company as an employer of choice, concerned with service excellence and client care.
2. All recruitment information will be up-to-date, in plain language and accessible.
3. Each opportunity to recruit will be assessed with a view to promoting the Company's employment initiatives and for redressing imbalances in the composition of the workforce.
4. All selection decisions will be justifiable and based on the fair and objective assessment of candidates against the skills, attributes, knowledge and experience required for the job.
5. Care will be taken to ensure that each stage of the recruitment and selection process is cost effective both in terms of financial outlay and officer time.
6. Recruitment processes will be conducted as swiftly as possible to ensure the minimum amount of time between a job becoming vacant and a new appointment commencing.

2. Evaluation of the vacancy

Before launching the process to fill any vacant post, the Company shall carefully consider the following, prior to the advertisement of a vacant post:

1. Importance of filling the vacancy position:

- Is the job really needed?
- Is it fulfilling its purpose?
- Can the duties be better distributed between existing staff?
- Does the job design reflect future organizational requirements?
- Are the working hours and working arrangements of a particular post still appropriate?

2. Internal Recruitment: It is important for the Company to assess beforehand whether the position can be filled internally before looking externally. This is particularly relevant for supervisory or management positions. Internal recruitment has the following advantages:

- Reduces recruitment costs.
- Internal candidates are already familiar with the Company's environment, colleagues, aims, objectives etc.
- Can act as a motivating factor for others in the business by showing them that it is possible to move 'up the ranks'.
- A candidate from outside the Company will always be an 'unknown quantity' no matter how effective the selection process is.

3. Flexibility: Offering flexible working hours or allowing for remote working is one way of attracting talented staff and assisting in their retention.

3. Description of the vacant post

If it is decided that a new external candidate is required to fill the vacancy, then a tailored-made job advertisement needs to be prepared and discussed with the relevant assigned recruitment personnel of the Company prior to its publication.

Minimum considerations

In developing the profile of the ideal candidate, the assigned recruitment personnel must consider the following:

- What relevant education or training qualifications should the ideal candidate have to be able to do the job?
- What level of work experience should the ideal candidate have?
- What specific skills and/or knowledge must the ideal candidate possess to meet the minimum standards required for performing this job?
- What overall personality/disposition should the ideal candidate have?
- What personal attributes must the ideal candidate possess?

Minimum criteria

Persons employed by the Company should meet the following criteria:

- a) *Good repute:*** Persons employed by the Company must have integrity, morals and credibility. For this purpose, the Company, depending on the seniority of the position, may also request the submission of the following, which will be kept in the Company's records:
 - i. Certificate or copy of certificate of non-bankruptcy or equivalent certificate evidencing that the person is not bankrupt.
 - ii. Certificate or a copy of criminal record certificate from the competent authorities of the country(ies) of residence of the person for the last five years, attesting that the person has no criminal record, and
 - iii. Bank Reference Letter from a reputable credit financial institution.
- b) *Skills, experience, knowledge and expertise:*** Persons employed by the Company may be required to have a specific academic background and/or professional qualifications and/or professional experience relevant to the responsibilities assigned to them and also have very good Greek and/or English written and oral communication skills, or any other language to the extent required for the specific vacant post. For this purpose, the Company will request the submission of the following, which will be kept in the Company's records:
 - i. Copies of academic degrees or diplomas, or/and professional qualifications.
 - ii. Certificates from previous employers showing that the person has experience relevant to the assigned responsibilities.

Indicative qualifications for core functions

- Portfolio and Risk Management Functions:

- i. CySEC advance examination certificate and registration in the public register of certified persons kept by CySEC, especially for high rank positions;
- ii. Secondary education degree or an equivalent qualification or certificate;
- iii. University or postgraduate degree in a field related to economics or finance, including banking and finance, or business management (business administration), or risk management, or management information systems, or university or postgraduate degree

- or other equivalent qualification in a field related to the investment strategies that the Company is licensed to pursue or intends to obtain an authorization for, or professional experience for at least one year in full-time occupation in the financial sector;
- iv. Professional experience for at least two years in relevant full time occupation, especially for high rank positions; and
 - v. Professional qualification e.g. chartered financial analyst, certified risk analyst etc (where available).

- Regulatory Compliance Function:

- i. CySEC advance examination certificate and registration in the public register of certified persons kept by CySEC, especially for high rank positions;
- ii. Secondary education degree or an equivalent qualification or certificate;
- iii. University or postgraduate degree or other equivalent professional qualification in the field of financial services such as economics, finance, business or corporate law, business administration etc.; and
- iv. Professional experience for at least two years in relevant full time occupation, especially for high rank positions.

- AML Compliance Function:

- i. AML certificate and registration in the AML compliance officers register kept by CySEC, especially for high rank positions;
- ii. Secondary education degree or an equivalent qualification or certificate;
- iii. University or postgraduate degree or other equivalent professional qualification in the field of financial services such as economics, finance, business or corporate law, business administration etc.; and
- iv. Professional experience for at least two years in relevant full-time occupation, especially for high rank positions.

- Internal Audit Function:

- i. Secondary education degree or an equivalent qualification or certificate;
- ii. University or postgraduate degree or other equivalent qualification in the field of financial services such as economics, finance, banking, business or corporate law, business administration or accounting;
- iii. Professional experience for at least two years in relevant full-time occupation, especially for high rank positions; and
- iv. Professional qualification i.e. chartered or certified accountant, chartered internal auditor.

4. Publication of the vacant post

There are many sources of external recruitment including: websites, national/local newspapers/trade journals, recruitment agencies/consultants and employment fairs/seminars.

The source(s) of recruitment the Company may use will be dependent on a number of factors such as:

- The type of position seeking to fill.
- The available budget.

- What has worked well in the past.
- The status of the job market at the time of the recruitment.

The content of the advertisements for the vacant post should include some or all of the following information, depending upon the nature of the position being advertised:

- Brief promotional description of the Company.
- Job title.
- Location.
- Description of the position's duties and responsibilities.
- Qualifications and experience required, if applicable.
- Conditions of employment.
- Relocation expenses, if applicable.
- Means of submitting a CV.
- Promotional prospects, if any.
- Closing date.

5. Screening of candidates

In the event that the Company receives a large number of applications for an advertised position, the golden rule should be to interview less people for longer, so the Company will need to screen the applications to select the most suitable candidates for interview.

This can involve using the job description and employee specification to compare against the CV and/or conducting short telephone interviews to gauge an individual's suitability. The purpose of the screening process is to narrow down the field so that the Company can spend more time with each candidate for formal interview.

6. Interviewing candidates

Preparation by the interviewee(s)

In order to assist the candidates to be fully prepared for the interview the Company should:

- Give an adequate notice of the date and time for the interview.
- Share location of, and/or provide instructions leading to, the Company's premises.
- Ensure they are clear where to go and who to contact upon arrival.
- Provide an indicative outline of the interview's purpose, nature and possible discussion matters.
- Provide the necessary information, documents etc., they should bring with them to the interview.

Preparation by the interviewer(s)

To ensure that the interviewer is fully prepared, the interviewer must:

- Review all the relevant information beforehand - job descriptions, employee profiles, application forms etc. - examine each CV or application form to identify areas to question during the interview.

- Prepare a plan of how the interviewer intends to conduct each interview - consistency is important. This should include an outline of similar and open questions to ask all candidates based on the job description, employee profile and CVs, so that the interviewer can compare like with like.
- Prepare a suitable venue for the interviews. The choice of location and the layout of the room will have an impact on the outcome.
- Allow adequate intervals between each interview, giving some time after each one to finalize any notes.

7. The assessment process

Throughout the interview, the panel consisting of the interviewers should continue to focus on all the requirements being assessed. After each interview, individual panel members should separately consider all the evidence gathered from the candidate, referring to their notes as necessary, without conferring with the other panel members.

Depending on the type of vacancy, the interviewers may find it useful to consider the use of a scoring guide to assist them in identifying the candidate’s level of responses and overall performance.

A recommended scoring guide is outlined below:

Score	Description	Description of Responses/Performance
6	Excellent	Full responses which demonstrated in-depth knowledge and understanding of the subject / full possession of the requirement for superior job performance.
5	Good	Good responses which answered the question and showed depth of understanding and knowledge / full possession of the requirement for effective job performance.
4	Satisfactory	Relevant responses that showed some understanding / candidate meets base requirements for adequate performance with scope for further development.
3	Less than satisfactory	Relevant but superficial responses that failed to demonstrate depth of understanding / candidate requires significant further development to demonstrate the requirement satisfactorily.
2	Poor	Inadequate responses but which had some relevance / candidate falls well below the base requirement for adequate performance and is unlikely to demonstrate competency without a great deal of further development.
1	Very Poor	Responses which were either not relevant or substantially lacked any depth of content.

When all the interviews are complete, and any additional assessment results are available, the full panel shares and pools their assessment of the candidate and scores (if used). The panel should discuss any large discrepancies between different panel member's assessments for a candidate on any of the requirements. The panel should then be able to identify which candidates are appointable, and (if used) a score for each candidate.

8. The successful candidate

The job should be offered to the best appointable candidate. If there is only one appointable candidate, the vacancy should be offered to that person. If there is more than one appointable candidate, and scores have been used, the panel of interviewers should go back to the requirements assigned the greatest weight and use the total scores for these requirements to provide a ranking order of appointable candidates.

Where scores were not used, ranking should be introduced. Individual panel members should go back to the requirements assigned the greatest weight before starting the interviews and assign a score for each appointable candidate against each of these requirements.

The Company shall offer the appointment to the candidate ranked highest. For more than one vacancy, the Company will make offers to the top ranked candidates.

REMUNERATION POLICY

1. Compliance with the ESMA's Guidelines

The Company's remuneration policy (the "Remuneration Policy") is defined and applied in conformity with the ESMA Guidelines (ESMA/2013/232) on sound remuneration policy under the AIFMD.

2. Remuneration principles

The present Remuneration Policy sets the framework and defines the principles, according to which the Company ought to operate as regards remuneration of personnel. The Company shall comply with the following principles regarding its Remuneration Policy, in a way and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities as further analyzed in ESMA Guidelines on sound remuneration policy:

Remuneration of staff

- a. The Remuneration Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the AIFs it manages;
- b. The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Company and the AIFs it manages or the Investors of such AIFs, and includes measures to avoid conflicts of interest;
- c. The Company is dedicated in offering same salary based on the position and the knowledge of each employee/ new employee irrespective gender, color, religion, sexual preferences and nationality.
- d. The Managing Body of the Company, in its supervisory function, adopts and periodically reviews the general principles of the Remuneration Policy and is responsible for its implementation;

- e. The implementation of the Remuneration Policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the Managing Body in its supervisory function;
- f. The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee;
- g. The Company's staff will be compensated only with fixed remuneration. It is clarified that no variable remuneration shall be paid to any of the Company's staff;
- h. For any pension scheme that the Company may have in the future, it will ensure that such policy is in line with the business strategy, objectives, values and long-term interests of the Company and the AIFs it manages; if the employee leaves the Company before retirement, discretionary pension benefits shall be held by the Company for a period of 5 years in the form of instruments defined below; in the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined below subject to a 5 year retention period;

For the purposes of this point, "**instrument**" shall mean the units or shares of the AIF concerned, or share-linked instruments or equivalent non-cash instruments. The instruments shall be subject to an appropriate retention policy designed to align incentives with the interests of the Company and the AIFs it manages and the investors of such AIFs. CySEC may place restrictions on the types and designs of those instruments or ban certain instruments as appropriate.

Remuneration of the Company

- a. The Company is entitled to receive a management fee calculated as a percentage on the NAV of each AIF it manages. The maximum percentage of the management fee attributable to the Company is fixed in the AIF Prospectus or Offering Document and for Umbrella AIFs for each Compartment under management;
- b. The Company may also be entitled to an annual minimum fixed remuneration for the provision of collective management services to the AIFs under its management, payable at frequent intervals in order to cover its own operational expenses. Such minimum fixed remuneration, if lower than the fee amount determined based on the management fee calculation described in point (a), shall be subtracted from it, whereas if higher, no remuneration based on the method described in point (a) shall be payable;
- c. The Company is also entitled to receive a performance/incentive fee or carried interest expressed as a percentage and calculated on the basis of the increase of the NAV per share/unit of the AIF over a certain period of time defined in the Prospectus or Offering Document or relevant Offering Supplement, where applicable.

The principles set above shall apply to remuneration of any type paid by or to the Company, to (i) any amount paid directly by the AIF itself, including performance/incentive fee or carried interest, and (ii) to any transfer of units or shares of the AIF, made to the benefits of those 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 their risk profile or the risk profiles of the AIF that it manages.

3. Guidelines on proportionality

According to the ESMA Guidelines (ESMA/2013/232) on sound remuneration policy under the AIFMD, the Company should comply with the remuneration principles set out above on a proportionate basis and to the extent that such remuneration principles are appropriate to the Company's size, internal organization and the nature, scope and complexity of its activities.

In this way the Company, by employing a proportionate approach may elect to dis-apply certain remuneration requirements (see below section "**Dis-application of Remuneration Requirements**"), only if it is proportionate to do so.

However, if the Company deems a disapplication of the remuneration requirements appropriate to its size, internal organization and activities, it should be able to explain to CySEC, if requested, the rationale for every single requirement that is disapplied. Disapplication should never be automatically triggered on the basis of the ESMA Guidelines alone. The Company should perform an assessment for each of the remuneration requirements that may be disapplied and determine whether proportionality allows it not to apply each individual requirement. If the Company comes to the conclusion that no disapplication is possible for any of the inapplicable requirements, there should be no variation to the general application of such requirements. According to the ESMA Guidelines, the risk profile and characteristics of the Company may justify a proportionate implementation of the remuneration principles. Criteria relevant to the application of proportionality are the following:

- (i) **Size of the Company and of the AIFs it manages:** The size criterion can relate to the value of the Company's capital and to the value of the AuM (including any assets acquired through the use of Leverage) of the AIFs that it manages; liabilities or risks exposure of the Company and of the AIFs that it manages; as well as the number of staff, branches or subsidiaries of the Company. The size of the Company and of the AIFs it manages should not be considered in isolation when applying proportionality. While the Company might be considered "small" in terms of number of staff or subsidiaries, it may be engaged in a high level of risk taking. The Company should adhere strictly to the remuneration principles where the aggregate set of AIFs that it manages - each of them considered "small" - becomes a potentially systemically important (e.g. in terms of total AuM) or leads to complex investment management activities. The general obligation to have sound remuneration policies and practices applies to all AIFMs, regardless of their size or systemic importance.
- (ii) **Internal Organization:** This can relate to the legal structure of the AIFs under the Company's management, the complexity of the internal governance structure of the Company or the listing on regulated markets of the Company or of the AIFs it manages. This criterion should be assessed having regard to the entire organization of the Company including all the AIFs it manages.

This criterion should be assessed having regard to the entire organisation of the AIFM including all the AIFs it manages, meaning that for instance the listing of one AIF should

not by itself be sufficient for considering the AIFM as having a complex internal organisation.

- (iii) Nature, scope and complexity of the activities:** In considering this criterion, the underlying risk profiles of the business activities that are carried out, should be taken into account. Relevant elements can be:
- The type of authorized activity (investment management functions listed in point 1 of Annex I of the AIFMD only or also the additional functions listed in point 2 of Annex I of the AIFMD and/or the additional services listed in Article 6(4) of the AIFMD);
 - The type of investment policies and strategies of the AIFs the Company manages;
 - The national or cross-border nature of the business activities (managing and/or marketing AIFs in one or more EU or non-EU jurisdictions); and
 - The additional management of UCITS.

In assessing what is proportionate, the focus of the Company should be on the combination of all the aforementioned criteria (size, internal organization and the nature, scope and complexity of the activities) and, as this is not an exhaustive list, of any other relevant criteria set by the Company or CySEC from time to time. For instance, an AIFM's business may well be small scale but could still include complex risk-profiles because of the nature of its activities or the complexity of the managed AIFs.

Dis-application of Remuneration Requirements

The requirement to establish a Remuneration Committee may be disapplied by the Company only and if it is deemed proportionate to do so.

- **The requirement to establish a Remuneration Committee:**

As per the provisions of the AIFM Law, the Company is obliged to establish a Remuneration Committee, if it is deemed "significant" in terms of its size or the size of the AIFs it manages, its internal organization and the nature, the scope and the complexity of its activities.

The ESMA Guidelines provide in paragraph 56, a non-exhaustive list entailing factors to be taken into account when determining whether or not to establish a Remuneration Committee, which are:

- whether the AIFM is listed or not;
- the legal structure of the AIFM;
- the number of employees of the AIFM;
- the AIFM's assets under management;
- whether the AIFM is also authorized as a UCITS management company; and
- the provision of the services mentioned under section 6(6) of the AIFM Law.

Taking into account the above principles and having regard to all circumstances, the ESMA Guidelines list examples of AIFMs which may not need to establish a Remuneration Committee, which are:

- AIFMs for which the value of the portfolios of AIFs that they manage does not exceed EUR 1.25 billion and not having more than 50 employees, including those dedicated to the management of UCITS and the provision of the services mentioned under section 6(6) of the AIFM Law; and
- AIFMs which are part of banking, insurance, investment groups or financial conglomerates within which an entity is obliged to set up a Remuneration Committee which performs its tasks and duties for the whole group, provided that the rules governing such Remuneration Committee's composition, role and competences are equivalent to the ones set out in these guidelines and the existing Remuneration Committee takes responsibility for checking the compliance of the AIFM with the rules set out in these guidelines.

However, it should be emphasised that the above-mentioned non-exhaustive list and examples provided for in the ESMA Guidelines should not be construed as conclusive in determining whether or not an AIFM is "significant". Therefore, in order for the Company to decide whether or not they need to set up a Remuneration Committee, the Company should still assess on an annual basis whether or not it is significant in terms of its internal organisation and the nature, the scope and the complexity of its activities.

Assessment on "significance"

Due to the absence of specific criteria set by CySEC or within the ESMA Guidelines, an assessment on whether the Company is considered "significant" or not is performed by the Head of Compliance and Risk Manager and/or by an independent external party. The assessment(s) is(are) performed on an annual basis and take into consideration the general guidelines set out in this Manual. The assessment(s) performed is(are) presented to the members of the Managing Body to aid them in their effort to decide whether the Company is "significant" or not.

4. Fixed remuneration

All remuneration will be:

- **Fixed remuneration:** payments or benefits without consideration of any performance criteria.

This means that none of the members of Staff of the Company is entitled to additional payments or benefits depending on performance or, in certain cases, other contractual criteria ("**variable remuneration**").

Fixed remuneration may include monetary payments or benefits (such as cash, shares, options, cancellation of loans to staff members at dismissal, remuneration by AIFs e.g. through carried interest models) or non (directly) monetary benefits (such as, discounts, fringe benefits or special allowances for car, mobile phone, etc.).

5. Application of the Remuneration Policy

Categories of Personnel

The Remuneration Policy applies to the Identified Staff of the Company. The following categories of staff, unless it is demonstrated that they have no material impact on the Company's risk profile or on an AIF it manages, should be included as the Identified Staff:

- a) The Executive and Non- Executive members of the Company's Board (2 Executive and 2 Non Executive Directors);
- b) The Head of Portfolio Management (1 person);
- c) The Head of Compliance (1 person);
- d) The AML Compliance Officer (1 person);
- e) The Risk Management Officer (1 person)
- f) Members of staff responsible for heading the administration, marketing, human resources etc.;
- g) Other risk takers such as: staff members, whose professional activities – either individually or collectively, as members of a group (e.g. a unit or part of a department) – can exert material influence on the Company's risk profile or on an AIF it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of the Company or of an AIF it manages. Such staff can include, for instance, sales persons, individual traders and specific trading desks.

When assessing the materiality of influence on the Company's risk profile or on an AIF it manages, the Company should define what constitutes materiality within the context of the AIFs it manages. Criteria that the Company may follow to check whether they are capturing the correct staff members include an assessment of staff members or a group, whose activities could potentially have a significant impact on the Company's results and/or balance sheet and/or on the performance of the AIFs it manages.

Staff members such as administrative or logistical support staff that, given the nature of their job functions, clearly do not have any connection with the risk profile of the Company or the AIFs it manages, should not be considered risk takers. However, such exclusion only applies to support staff whereas, staff heading the administration should be included as Identified Staff.

Additionally, if they have a material impact on the risk profile of the Company or of the AIFs it manages, other employees/persons, whose total remuneration takes them into the same remuneration bracket as senior managers and risk takers should be included as Identified Staff, such as: high-earning staff members who are not already in the above categories and who have a material impact on the risk profile of the Company or of the AIFs it manages. It is likely that in some cases, those staff members whose remuneration is as high as or higher than senior executives and risk takers will be exerting material influence in some way on the risk profile of the Company or of the AIFs it manages.

Remuneration (Salary) and other benefits

Remuneration includes salary, remuneration of any type paid by the Company including any amount paid directly by the AIF itself, including performance fees or carried interest and any transfer of shares of the AIF, made to the benefits of the above categories of staff.

6. Risk alignment process

The Company has decided not to offer any variable remuneration to any member of its Staff. The long-term strategy of the Company includes the overall business strategy and quantified risk tolerance levels with a multi-year horizon, as well as other corporate values such as compliance culture, ethics, behavior towards investors of the AIFs it manages, measures to mitigate conflicts of interest etc. The design of the remuneration systems will be consistent with the risk profiles, rules or instruments of incorporation of the AIFs the Company manages and with the objectives set out in the strategies of the Company and the AIFs it manages and changes that could be decided in the strategies must be taken into account. The Company will ensure that its remuneration systems are well designed and implemented.

7. Disclosure

A description of all remunerations, charges and expenses that are directly or indirectly born by the Investors is included in the Prospectuses and Offering Documents of the AIFs managed by the Company which is provided to them by the Company prior to their investment in an AIF.

8. Monitoring and revision

The Board of Directors of the Company adopts and periodically reviews the general principles of the Remuneration Policy and is responsible for its implementation. The implementation of the Remuneration Policy by the Board of Directors in its management function is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the Board of Directors in its supervisory function.

Throughout the examination, in case a potential conflict of interest is detected for any of the individuals concerned by the remuneration methodology or if the remuneration method changes, the impact of this change would be analysed first by the Head of Compliance and discussed at the immediate next Board meeting.

9. Remuneration Committee

As mentioned above in the section “Guidelines on Proportionality”, the Company is obliged to establish a Remuneration Committee once it is considered to be “significant” in terms of its size, internal organisation and nature, scope and complexity of its activities.

Once a Remuneration Committee is established, its composition, role and reporting lines will be formulated as follows:

Principles on the composition of the Remuneration Committee

In order to operate independently from senior executives, the Remuneration Committee should comprise members of the supervisory function who do not perform executive functions, at least the majority of whom qualify as independent. In addition to this, the chairperson of the Remuneration Committee should be an independent, Non-Executive Director.

The persons who compose the Remuneration Committee are elected by the members of the Managing Body on an annual basis based on the above mentioned principals and subject to the condition that the Company is deemed to be “significant” for the reference period. No restrictions apply concerning the number of times an individual may be elected as a member of the Remuneration Committee, as long as he/she meets the principal criteria of composition.

The Remuneration Committee should be encouraged to seek expert advice internally (e.g. from the Risk Management department) and externally. Identified Staff should not take part in the Remuneration Committee meetings in which discussions and decisions take place as to their own remuneration.

Role of the Remuneration Committee

The Remuneration Committee, if established based on the above conditions, is constituted such that it is able to exercise competent and independent judgment in relation to the matters in respect of which it has responsibility. The Remuneration Committee should:

- Be responsible for the preparation of recommendations regarding the remuneration of the executive members of the Managing Body as well as of the senior members in the Company;
- Provide its support and advice on the design of the Company’s overall Remuneration Policy;
- Have access to advice, internal and external, that is independent of advice provided by or to the Managing Body and Senior Management;
- Review and decide on the appointment of external remuneration consultants;
- Oversee the remuneration system’s design and operation;

- Devote specific attention to the assessment of the mechanisms adopted to ensure that:
 - ✓ The remuneration system properly takes into account all types of risks and liquidity and assets under management levels; and
 - ✓ The overall Remuneration Policy is consistent with the business strategy, objectives, values and interests of the Company and the AIFs it manages and the Investors of such AIFs; and
- Formally review a number of possible scenarios to test how the remuneration system will react to future external and internal events, and back test it as well.

The Remuneration Committee is in charge of overseeing the central and independent review of the implementation of the remuneration policies and practices.

Process and reporting lines of the Remuneration Committee

The Remuneration Committee should:

- Have unfettered access to all information and data from the risk management and control functions. Such access should not hinder the Company's ordinary activities;
- Ensure the proper involvement of the internal control and other competent functions. The Remuneration Committee should collaborate with other committees, if any, whose activities may have an impact on the design and proper functioning of the Remuneration Policy and practices; and
- Provide adequate information where appropriate, to the Company's shareholders' meeting about the activities performed.

10. Control functions

The Company should ensure that control functions have an active role in the design, ongoing oversight and review of the Remuneration Policy for other business areas. Working closely with the Remuneration Committee, the control functions should assist in determining the overall remuneration strategy applicable to the Company, having regard to the promotion of effective risk management.

Risk Management Function

Since the Company is not offering any variable remuneration, it is good practice for the risk management function to validate and assess any risk adjustment data, and to attend a meeting of the Remuneration Committee for this purpose.

Compliance Function

The Compliance function should analyse how the remuneration structure affects the Company's compliance with legislation, regulations and internal policies.

Internal Audit Function

The Internal Audit function should verify whether a Remuneration Committee should be established or not, based on the principle of proportionality, and if so, whether periodic meetings are held and properly documented in minutes.

11. Remuneration of control functions

The remuneration level of staff in the control functions should allow the Company to employ qualified and experienced personnel in these functions. Staff in control functions will not receive variable remuneration. The remuneration structure of control functions personnel should not compromise their independence or create conflicts of interest in their advisory role to the Remuneration Committee and/or Managing Body.

Conflicts of interest which might arise if other business areas had undue influence over the remuneration of staff within control functions should be adequately managed. The need to avoid undue influence is particularly important where staff members from the control functions are embedded in other business areas. However, the views of other business areas should be sought as an appropriate part of the assessment process.

12. Delegation of Portfolio or Risk Management

When delegating portfolio or risk management activities, the Company should ensure that:

- a) The entities to which portfolio or risk management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under these guidelines; or
- b) Appropriate contractual arrangements are put in place with entities to which portfolio or risk management activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the present guidelines; these contractual arrangements should cover any payments made to the delegates' identified staff as compensation for the performance of portfolio or risk management activities on behalf of the Company.

PERSONNEL'S PERFORMANCE EVALUATION POLICY

1. Purpose

The Company's personnel performance evaluation policy (the "Evaluation Policy") offers a consistent approach and operating philosophy for providing feedback and assessment of each employee performance through annual evaluation. The purpose of the Evaluation Policy is to achieve the following:

- Assist employees to clearly define and understand their responsibilities.
- Provide criteria by which employees' performance is evaluated.
- Suggest ways in which employees can improve performance.
- Identify employees with potential for further development and advancement.

- Assist in the setting and achievement of goals.

2. Primary reviewers

The primary reviewer of each employee is assigned by a member of the Managing Body.

3. Evaluation process

Performance evaluation is a three-stage on-going process that results in a year-end review. The forms and spreadsheets provided for the evaluation process are completed by the primary reviewer and are discussed with the employee under evaluation.



Stage 1: Planning and goal setting

At the beginning of the performance evaluation cycle, the major job responsibilities, the goals and their weighting in the overall qualitative & quantitative performance will be reviewed and acknowledged by the employee and the primary reviewer. The performance goals have to be specific, measurable, achievable, results-oriented, linked to the work objectives and time-defined.

Stage 2: Feedback and coaching

Feedback and coaching should occur on an ongoing basis and at the optional mid-year review. The purpose of feedback and coaching is to provide an opportunity to the reviewer to recognize effective performance and provide coaching for improvement. As a part of the feedback and coaching components, employees are encouraged to gather informal feedback as appropriate throughout the year.

The reviewer provides timely feedback to motivate employees toward improved performance. The

mid-year review is an optional progress meeting, which should provide an opportunity for employees to discuss performance goals set at the beginning of the year and focus on employee performance to date.

Stage 3: End-year review / evaluation

A mandatory self-evaluation form is completed by each employee and then the reviewer completes a standardized evaluation form, and calculates the total scoring of the employee by using the evaluation rating described further in the Evaluation Policy.

The performance evaluation is discussed and agreed by both the reviewee and the reviewer to ensure that all strengths, areas for improvement and job goals for the next review period are clearly communicated.

The employee's signature on the performance evaluation form indicates the employee has acknowledged and received the evaluation, but does not necessarily indicate the employee's agreement with its content. The employee may address questions or concerns about the content of the evaluation.

If the employee receives an "Unsatisfactory" evaluation, a performance improvement plan will be set up. The reviewer will meet with the employee on an ongoing basis to provide regular feedback and coaching on performance issues for a period of 30 to 90 days. After this period of time, the reviewer shall re-evaluate that plan to ensure that steps have been taken to improve performance in relevant areas. The completed and signed evaluation form will be retained in the employee's personnel file.

4. Evaluation criteria / factors

The main criteria of employee performance evaluation are classified into 2 categories, to the extent applicable:

A. Professional competence

- Overall command of duties, knowledge, skills.
- Quality of work (accuracy and reliability of work).
- Compliance with CySEC professional certification requirements.
- Productivity, i.e. achievement of quantitative objectives or deadlines imposed on the employee.
- Problem-solving.
- Teamwork.
- Initiative.
- Commitment to Company's mission and values.

B. Personal Qualities

- Responsibility at work and activity in the workplace.
- Eagerness to take on additional responsibilities.
- Adaptability and responsiveness to new challenges and ideas, new duties and practices.
- Professional growth & development.
- Resourcefulness.

5. Evaluation rating

The evaluation rating a scoring range from 1 to 5 (5=best) as follows:

Level 5: Outstanding

The employee's performance is excellent and clearly exceeds all job requirements and the quantitative and qualitative objectives assigned to the employee.

Level 4: More than Satisfactory

The employee's performance satisfies all job requirements very well. The performance exceeds the quantitative and qualitative objectives assigned to the employee in many respects.

Level 3: Satisfactory

The employee's performance satisfies the job requirements and the objectives assigned to the employee well. Performance attains a high quality standard in key fields of duty.

Level 2: Improvement Needed

The employee's performance does not consistently meet job requirements and the principal objectives assigned to the employee. Some aspects of performance are nevertheless in need of improvement.

Level 1: Unsatisfactory**Updating policy**

The remuneration policy is reviewed on an annual basis and it will be updated whenever needed by Fosteus Fund Management with the support of the Company's control functions to take into account evolutions in the applicable laws and regulations, in policies or in Fosteus' organisation.

Any update made to the policy will be subject to the approval of Fosteus Board of Directors.

Also the remuneration policy shall be approved at least every 4 years by the annual general meeting.

Disclosures***External Disclosures***

The Company will issue on an annual basis the Fosteus FM annual report covering the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the Company to its staff, and number of beneficiaries, and, where relevant, carried interest paid by Funds.

Internal Disclosures

The Remuneration Policy is part of the Company's policies and procedures and as such the main principles are available to all staff.

The employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay if such applicable.