

# Polaris Management A/S Remuneration Policy

## Contents

1. Introduction.....	3
2. Communication.....	3
3. Applicable laws and regulations.....	3
4. Objective.....	3
5. Responsibilities of the Board of Directors .....	4
6. Remuneration Committee.....	4
7. Remuneration principles for the Board of Directors.....	4
9. Remuneration principles for the Executive Board and risk takers .....	5
10. Remuneration principles for employees .....	5
11. Fixed remuneration .....	6
12. Pension benefits .....	6
13. Variable remuneration .....	6
14. Guaranteed variable remuneration.....	7
15. One-off compensations.....	7
16. Severance payments - termination of employment.....	7
17. Remuneration reporting.....	7
17.1 Contents of the Remuneration reporting.....	8
18. Audits declaration on the remuneration report.....	8
19. Review and reporting.....	8
20. Approval .....	9
21. Version control.....	9

# Remuneration policy for Polaris Management A/S

## 1. Introduction

This policy sets out the remuneration policy for Polaris Management and implements the requirements to secure an overall sound remuneration of the Board of Directors and employees of the company, relative to the overall business strategy of Polaris Management.

This policy applies with due respect to any applicable legislation. In case of any discrepancy between this policy and any applicable legislation, the legislation will prevail.

## 2. Communication

This Policy shall be available on the Company's Intranet and website.

## 3. Applicable laws and regulations

This Policy is based on the requirements set out in the following legislation:

- The EU Commission's Delegated Regulation (EU) No. 231/2013 of 19 December 2012,
- The EU Commission's Delegated Regulation (EU) No. 2017/565 of 25 April 2016,
- The Danish FAIF Act (LBK. Nr. 2015 af 01/11/2021),
- supplemented by the executive order on remuneration (no. 1151 of 24 October 2017).

## 4. Objective

The overall objective of Polaris Management's remuneration policy is to attract, retain, develop and reward the employees who contribute to the value creation of Polaris Management and thereby support a performance-oriented culture within the company.

This policy ensures that remuneration in Polaris Management is credible, effective and fair, that the ratio of fixed vs. variable salary is adequate, proportional and balanced and finally that the overall remuneration model is aligned with sound and efficient risk management principles. A central part of the policy is to avoid risk taking including sustainability risk as defined in the Regulation (EU) 2019/2088 that exceeds the level of tolerated risk of Polaris Management, while at the same time facilitating flexible remuneration. This is also integrated into our evaluation structure including variable remuneration. See "Appendix to remuneration policy – remuneration structure."

The policy must ensure that the total variable remuneration, which Polaris Management commits to pay out, must not prevent Polaris Management from achieving and maintaining a sound capital base.

The remuneration policy applies to all employment agreements, however, see section "Variable Remuneration" below. The remuneration policy applies to the remuneration of the Board of Directors, managing directors, identified risk-takers and all other employees within Polaris Management.

This policy covers all forms of remuneration components offered to all employees including members of the Board of Directors, including, but not limited to, base salary, variable remuneration, pension benefits, non-pay benefits, etc.

## **5. Responsibilities of the Board of Directors**

The Board of Directors of Polaris Management is responsible for the on-going and at least an annual review and pre-approval of this policy. The Policy must furthermore be approved by the General Meeting.

The Board of Directors is responsible for maintaining the remuneration policy and overseeing its implementation.

The Board of Directors must ensure that the remuneration policy is consistent with and promotes a sound and effective risk management. The remuneration policy must not encourage excessive risk taking and must not prevent Polaris Management from achieving and maintaining a sound capital base.

## **6. Remuneration Committee**

In view of the size and complexity of the company, Polaris Management has not established a remuneration committee.

Should the requirement for a remuneration committee arise, the Board of Directors is responsible for initiating the establishing of a committee no later than the first coming Board of Director's meeting or Annual General Meeting, whichever comes first, to be approved by the General Meeting.

## **7. Remuneration principles for the Board of Directors**

The Board of Directors is compensated only with fixed remuneration.

Remuneration of the Board of Directors of Polaris Management is set individually at a market competitive level, reflecting the competencies and contribution required in view of Polaris Management's complexity and the extent of the tasks and responsibilities.

The remuneration of the Board of Directors of any entity is presented for approval by the Annual General Meeting as a separate agenda item.

Each board member individually receives a basic fee.

## 8. Identified risk takers in the company

Due to the activities to be performed, the following individuals are identified as risk takers:

- Managing partner
- All other partners in Polaris Management A/S, who
  - take part in key decisions related to the alternative investment funds' acquisitions and divestments
  - take part in the management of the portfolio companies as members of the board of directors in the portfolio companies and
  - can commit Polaris Management A/S externally with decisions regarding the portfolio companies
- The individuals with responsibility for the compliance and risk management functions

Investment managers work under instructions from and support the partners as defined above, and hence they are not defined as a risk taker.

The Head of the compliance and risk management function is defined as a risk taker. Other employees are working under instructions from and support the Head of compliance and risk management, and hence they are not defined as risk takers.

The Managing partner is responsible for the on-going identification of new risk takers and will annually present the list of risk takers for pre-approval by the board of directors and approval by the General Meeting.

## 9. Remuneration principles for the Executive Board and risk takers

The Executive Board (Managing partner) and risk takers (all other partners as set out above) are compensated only with fixed remuneration.

Remuneration of the Executive Board and risk takers is set individually at a market competitive level, reflecting the competencies and contribution required in view of Polaris Management's complexity and the extent of the tasks and responsibilities.

## 10. Remuneration principles for employees

The total remuneration package for employees in Polaris Management consists of several elements and aims at honouring and encouraging a performance that creates value for Polaris Management through results as well as behaviour.

The main part of the remuneration package generally consists of fixed remuneration - compensating employees on a monthly basis - in the form of a base salary and often with the addition of a pension benefit and one or more non-pay benefits. The remuneration package furthermore consists of the possibility of variable remuneration, primarily through Polaris Management's variable remuneration scheme, however with due respect of the limitations described below. The remuneration components are balanced in order to ensure a flexible variable remuneration package and a sound and efficient risk management.

## **11. Fixed remuneration**

Polaris Management has defined fixed remuneration as any remuneration which an employee is entitled to receive no matter the actual performance of the employee, Polaris Management or the portfolio company. Consequently, fixed remuneration comprises base salary, fixed allowances comparable to and in practice considered a part of the base salary, and non-pay benefits (e.g. company car, health insurance etc.).

## **12. Pension benefits**

As part of the overall objective of Polaris Management and with a view to securing the long-term perspective of the employee's economy and in line with sound social intentions, pension benefits have been awarded to employees.

Pension benefits comprise employer and employee contributions.

Any pension benefits awarded by Polaris Management must be calculated as a certain percentage of the employee's base salary. Pension benefits equal to a minimum of 5% of the individual employee's base salary must be in the form of pension contribution to a third party defined contribution pension scheme.

It is not permitted to grant any pension benefits on the basis of any variable remuneration or guaranteed variable remuneration. Furthermore, it is not permitted to grant any variable remuneration as a pension benefit.

## **13. Variable remuneration**

Variable remuneration is defined as any remuneration, where the size/value of the remunerations is not known in advance. The variable remuneration comprises any form of remuneration the grant of which is based on the performance of the employee.

A detailed bonus model has been constructed for the investment team (excluding the managing partner and partners as risk takers), setting out the process for computing and assessing the variable remuneration to the individual employees within the team. The bonus model is described briefly in appendix 1. The model incorporates the overall objective of Polaris Management, which is to attract, retain, develop and reward the employees who contribute to the value creation of Polaris Management and thereby support a performance-oriented culture within the company. Furthermore, that the overall remuneration model is aligned with sound and efficient risk management principles and does not prevent Polaris Management from achieving and maintaining a sound capital base. In the Board of Director's opinion, the bonus model is designed to create an excellent coherence between the investors' long-term perspective and the performance of the individual employees.

Any bonus to risk takers will comply with the provisions in the FAIF legislation, i.e. if variable remuneration to risk takers exceeds DKK 100 thousand, it will be subject to the provisions about postponing payments and types of remuneration to be granted.

The managing partner, all other partners as well as employees in compliance and risk functions must not participate in the variable remuneration program referred to above.

However, other employees (not Head of the compliance and risk function) in controlling functions may participate in variable remuneration programs if the variable salary component does not depend on the outcome of the department the employee is controlling. This means that:

- the remuneration of those engaged in the performance of the risk management function reflects the achievement of the objectives linked to the risk management function, independently of the performance of the business areas in which they are engaged.
- the method of determining the remuneration of a compliance officer and other persons in the compliance function do not affect their objectivity and are not likely to do so.

## **14. Guaranteed variable remuneration**

Guaranteed variable remuneration is defined as any remuneration:

- which falls outside the definitions of fixed remuneration and variable remuneration; but
- which is granted instead of, in addition to or as part of variable remuneration.

Thus, guaranteed variable remuneration comprises those forms of remunerations which are generally referred to as - or comparable to - "guaranteed bonus", "welcome bonus", "sign-on bonus", "minimum bonus" and "retention bonus".

It is generally not permitted to use any guaranteed variable remuneration for any employee. However, in exceptional situations it is possible to use guaranteed variable remuneration on hiring of new employees, but then only for the first year of employment.

## **15. One-off compensations**

In addition to the variable remuneration scheme, all employees have the possibility of being recognized for an extraordinary effort on a specific project, or throughout a certain period by giving an employee a "pat on the back" in the form of one-off compensation.

One-off compensations may be given to all employees, with due respect for rules covering risk takers and employees in controlling functions, cf. "Variable remuneration" above.

## **16. Severance payments - termination of employment**

All severance payments follow the rules of "Funktionærloven" with salaries during termination. No other severance payments can be accorded.

## **17. Remuneration reporting**

At the end of each fiscal year the Company's Board of Directors are responsible for ensuring a reporting on the remuneration received by the Board of Directors, and the Executive management of the Company.

The responsibility of producing the remuneration report has been delegated to The Company's HR-function and must be finalized for the Board of Directors approval on the last board meeting of the fiscal year.

## **17.1 Contents of the Remuneration reporting**

The remuneration report must include the following elements:

- Total remuneration received by each member of the Board of Directors and Executive management, divided into components of fixed and variable remuneration.
  - NB! Currently no variable components are used in the remuneration composition for Board of Directors, Executive management, or significant risktaker.
- Section clarification if the total remuneration paid out during the fiscal year complies with the Company's remuneration policy.
- Changes in remuneration for each member of the Board of Directors and Executive management.

## **18. Audits declaration on the remuneration report**

The Company's selected external auditor must, in connection with the annual audit of the Company financial annual report, prepare a declaration on the remuneration report on whether the report fulfills the requirements stated in this policy.

## **19. Review and reporting**

The Board of Directors must review the remuneration policy on an annual basis at a minimum. Such central and independent reviews must assess whether the overall remuneration system operates as intended, that the remuneration payouts are appropriate, and that the risk profile, long-term objectives and goals of Polaris Management are adequately reflected.

When periodic reviews reveal that the remuneration system does not operate as intended or prescribed, the Board of Directors must ensure that a timely remedial plan is presented to the General Meeting and is put in place.

The General Meeting is over-all responsible for approving and overseeing the remuneration of the Board of Directors, the Managing partner and the identified risk takers in the company.

The Managing Partner together with the chairman of the board is responsible for overseeing the remuneration of the investment team at partner level and the Managing Partner is responsible for overseeing the remuneration of the Directors, Investment Managers, the controlling team and the support staff.

At least once a year, the Board of Directors is responsible for reviewing the remuneration policy, to make sure the remuneration policy is in line with the development of Polaris Management.

At least once a year the Board of Directors is responsible for verifying that the remuneration policy is complied with.



The Board of Directors is responsible for submitting the review report and the compliance validation to the General Meeting at least annually.

## 20. Approval

This policy will be formally reviewed by the Board of Directors at least once a year and afterwards presented for approval to the shareholders at the next Annual General Meeting.

## 21. Version control

This changes to this policy will enter into force when approved by the extraordinary general meeting.

Version no.	Author	Approval date	Comments
11	LMR	15 December 2023	ESG Risk consideration in remuneration, remuneration report and indexing
10	LMR	31 March 2022	Updated with description of variable remuneration for risk takers
9	LMR	13 December 2021	Re-approved
8	LMR	8 March 2021	Update according to the SFDR requirement with a description on how the remuneration policy are consistent with the integration of sustainability risks.
7	LMR	14 December 2020	Re-approved
6	LMR	29 January 2019	Re-approved
5	LMR	26 January 2018	Re-approved
4	LMR	11 September 2017 <i>(review date 26 April 2017)</i>	Updated with risk takers and use of remuneration instruments
3	LMR	16 December 2015	Re-approved
2	LMR	16 December 2014	Re-approved
1	LMR	18 June 2013	

Board signatures

-----

Erik G. Hansen  
Chairman

-----

Anne Holm Rannaleet

-----

Bertil Villard

-----

Peter Høltermand

Acknowledged by the Managing Partner

-----

Jan Johan Kühl

Approved at the annual general meeting on 7 March 2024.

# PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registreret, og informationerne er listet herunder.

“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

## Peter Høltermand

### Underskriver

Serienummer: 86368728-4979-4640-bb3b-56844686032e

IP: 80.160.xxx.xxx

2024-03-21 15:57:14 UTC



## Jan Johan Kühl

### Underskriver

Serienummer: 5eacdc9-6792-4f51-ae73-7d6f27330e85

IP: 77.241.xxx.xxx

2024-03-21 16:19:12 UTC



## BERTIL VILLARD

### Underskriver

Serienummer: 19520407xxxx

IP: 85.229.xxx.xxx

2024-03-21 16:48:16 UTC



## ANNE HOLM RANNALEET

### Underskriver

Serienummer: 19540613xxxx

IP: 86.165.xxx.xxx

2024-03-22 07:51:13 UTC



## Erik Gregers Hansen

### Underskriver

Serienummer: 449338fe-ec75-4126-8350-1368be381cc2

IP: 90.116.xxx.xxx

2024-03-23 17:47:46 UTC



Penneo dokumentnøgle: BCNDQ-FL4DW-BLLBP-4D34Z-QMGE1-6CUIQS

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstempelt med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

#### Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service <penneo@penneo.com>**. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: **https://penneo.com/validator**