

Remuneration Policy

As a full-scope UK AIFM that is also a Collective Portfolio Management Firm (“CPMI Firm”) for the purposes of the FCA Rules, Lodbrok must comply with the remuneration rules as set out in Article 13 of the AIFMD as implemented by the FCA in Chapter 19B of its Senior Management Systems and Controls (“SYSC”) handbook (the “AIFM Remuneration Code”) as well as SYSC 19G (the “MIFIDPRU Remuneration Code”, together with the AIFM Remuneration Code, the “Codes”). The purpose of the Codes is to ensure that firms have risk focused remuneration policies which are consistent with, and promote, effective risk management, and which do not expose themselves (or the AIFs/ managed accounts which they manage) to excessive risk.

Components of Remuneration

The Firm’s remuneration is comprised of fixed and variable remuneration. The sole component of remuneration that the Firm has categorised as fixed remuneration is base salary paid to employees. The components of remuneration described in the remainder of this paragraph are all categorised by the Firm as variable remuneration. The Firm’s sole bonus arrangement is fully discretionary. The Firm has discretion to pay bonuses to all staff (Code and non-Code Staff), based on the performance of the Firm as a whole and the contribution of the individual to the success of the Firm. Lodbrok’s Members receive variable remuneration through the discretionary allocation of the Firm’s profit share, rather than through a separate discretionary bonus scheme (as is the case with employees who are not Members of the Firm). Where the Firm has a distributable profit as defined in the Limited Liability Partnership Agreement, its Members will receive an allocation of such profit in accordance with each Member’s Supplementary Agreement for the relevant performance year. The Firm does not operate any executive incentive schemes, or any other remuneration structures outside of the discretionary bonus scheme described above.

Determination of Variable Remuneration and Application of Proportionality

- Retained units, shares, or other instruments (SYSC 19B.1.17R)
- Deferral (SYSC 19B.1.18R); and
- Performance adjustment (SYSC 19B.1.19R).

The Firm has established an appropriate segregation between its investment and non-investment teams, proportionate to the relatively small size of the business. The Firm has appointed an independent Chief Operating Officer (“COO”) who is not a member of the investment team, but who is a Member, a member of senior management and the Compliance Officer. Therefore, the COO is well informed on all aspects of the Firm’s and the Fund’s operations and, in light of his position within the Firm, has sufficient authority to input and influence the Firm’s remuneration decisions.

The objective of the Firm’s Remuneration Policy is to set remuneration at a level that the Firm’s staff are fairly and responsibly rewarded in a manner that is appropriately linked to their performance. The size of the bonus pool from which variable remuneration awards are made is assessed in light of the capitalisation and liquidity buffer in place at the Firm, taking into account current and future risks, drawing upon other available resources to make this assessment, such as the Firm’s Internal Capital Adequacy and Risk Assessment.

Members’ and employee performance is determined using financial and non-financial criteria on a meritocratic basis which is completely gender neutral. This performance assessment is based on a range of criteria on which each Member and employee, when considering their job description, should be assessed. Individuals’ performance is not solely

based upon investment performance or contribution; it also includes factors such as their adherence to the Firm's compliance policies, risk limits and adherence to behavioral guidelines. Violations of these policies / risk limits, if any, will be taken into account when determining variable remuneration and can have a negative impact on the amount of variable remuneration received.

Remuneration Code Staff

Remuneration Code staff of the Firm includes senior management, risk takers, control functions and any Member or employee receiving total remuneration which takes them into the same bracket as senior management, whose professional activities have a material impact on the risk profile of Lodbrok or of the Funds it manages. For the purposes of identifying members of staff whose actions could have a material impact on the risk profile of the Fund, the Firm conducted an assessment which it believes to be consistent with the relevant guidance published by the European Securities and Markets Authority (ESMA/2013/232).

Quantitative Remuneration Disclosure¹

During the year to December 31, 2022, the total remuneration of Lodbrok Members and employees involved in the activities of the Fund was £25,130,461 (2021: £24,453,537). Within this figure, the amount of the fixed remuneration was £1,033,487 (2021: £774,923) and the amount of the variable remuneration amounted to £24,096,974 (2021: £23,678,614).

These figures take into account the fixed and variable remuneration of 13 Members and employees (2021: 13).

During the financial year, the aggregate amount of remuneration paid to the senior management of Lodbrok was £10,155,474 (2021: £12,787,414) and the aggregate amount of remuneration paid to members of staff, including senior management, whose actions had a material impact on the risk profile of the Fund was £23,944,602 (2021: £23,758,614).

Remuneration-related disclosures under the EU Sustainable Finance Disclosure Regulation

In accordance with its obligations under EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (the "SFDR"), Lodbrok is obliged to disclose certain information regarding the consistency of its remuneration policies with its approach to the integration of sustainability risks into its investment decision-making process. This information has been made available on Lodbrok's website. For completeness, Lodbrok has determined that it should repeat such disclosures in this document, as follows:

As sustainability risks are a type of financial risk, failure to consider such risks could have an adverse impact on the performance of investments and the performance of the funds and portfolios managed by Lodbrok. Accordingly, to the extent that sustainability risks have an adverse impact on the performance of Lodbrok's funds or portfolios, this is likely to be reflected in the overall level of variable remuneration awarded to staff.

¹ Please note that for the purposes of the figures disclosed in this section, service fees paid by Lodbrok to its corporate member, Lodbrok Limited, are excluded as they do not include remuneration paid to individuals.