

Sustainable Finance Disclosure Regulations (SFDR), Article 5, Remuneration Policy Disclosure

Livonia Partners (the “company”) promotes sound and effective risk management, including the management of sustainability risks, through a diligent investment process, transparency in portfolio performance follow up, and in the remuneration policy. The full team participates in evaluating all investment opportunities and reviewing the performance of all portfolio companies in order to have full performance alignment across all employees. The remuneration policy encourages employees to focus on long-term value creation, and is based on employee performance throughout the year.

Livonia Partners’ remuneration policy is consistent with the integration and management of sustainability risks to the extent described below.

The company rewards employees for outstanding individual performance, as well as for their contributions to the achievement of Livonia’s goals via a combination of fixed remuneration (salary and benefits) and variable remuneration (bonuses and a share of realized profits).

Livonia achieves this through two mechanisms:

- **INDIVIDUAL PERFORMANCE EVALUATION** – Fixed pay (salary and benefits) as well as bonuses (if any) are adjusted based on an individual performance review on an annual basis. Transparency in regards to full performance alignment allows for a holistic evaluation of individual contributions throughout the year. The review takes into account a range of criteria, including adherence to due diligence procedures that are designed to identify and mitigate the risks inherent in each of our investments, including sustainability risks.
 - **INCENTIVE PLANS BASED ON LONG-TERM PROFIT SHARING** – A proportion of the realized profit from the carried interest from Livonia’s managed investment funds is shared with all long-term employees based on overall fund results, not those of individual portfolio companies. This helps to incentivize a long-term sustainable growth focus, as profit is realized in the later part of a fund’s life.
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