

Compensation Directive

Place, Date of Introduction:	Baar-Zug, 1 July 2019
Updated on:	1 January 2023
Issued by:	Board of Directors, Blue Earth Capital AG

Valid for the following entities:

Blue Earth Capital AG

1. Philosophy & principles

1.1 Philosophy

Our investment approach favors trusted, long-term relationships. Our global professionals operate a significant number of businesses and/or assets in various industries and sectors across the globe. Our professionals are responsible for creating long-term value for the beneficiaries who are served by our clients and to generate measurable and sustainable social and environmental impact for the beneficiaries of our impact strategies.

Our compensation framework honors this responsibility and supports the firm's business strategy. It promotes a corporate culture that contributes to the company's sustained success, while adhering to its values. The philosophy behind the compensation framework is based on our aim of generating lasting social and environmental impact while providing clients and their beneficiaries with attractive investment returns on a mid- to long-term basis.

In order to best combine the interests of clients and shareholders with those of the firm's employees, our compensation framework includes a significant long-term incentive component that allows the firm's senior professionals to participate in the investment success alongside clients.

1.2 Principles

When making compensation decisions, the Board of Directors of Blue Earth Capital AG follows four guiding principles, which apply to all employees:

- **Compensation follows contribution:** we have a unique business model and operate as one global firm, albeit with differentiated business lines and functions. The main drivers for the variable compensation elements in the firm's compensation framework are relative to individual and team objectives, as well as to the firm's overall achievements.
- **Equal opportunity and non-discrimination:** we are an equal opportunity employer and do not discriminate against employees on the basis of age, gender, nationality, or any other basis that is inconsistent with our guiding values. The firm is committed to a "pay for performance" and "fair pay" policy and systematically conducts equal pay analyses across departments and regions.
- **Compensation is no substitute for talent development:** compensation is an important pillar of governance and leadership. It is, however, no substitute for a caring culture, for non-material ways of recognizing individual achievements and for helping the development of the firm's human capital.
- **Impact & sustainability:** impact and sustainability risks are integral to Blue Earth Capital's investments and as an entity. It is the responsibility of all employees to implement and apply the Impact & Sustainability Policy throughout the operations and investment strategy of Blue Earth Capital.

2. Components

Blue Earth Capital has the following short- and long-term incentives:

Component	Type	Goals	Timing	Participants
Base salary & benefits	Fixed			All employees
Annual bonus	Variable	Individual goals	STI	All permanent employees
Management Carry Plan (MCP)	Variable	Investment targets	LTI (5-10 years)	Members of Management & ExCo, and VPs ¹ in Investment Teams & other key functions

With increasing seniority, a larger part of an employee's total compensation consideration should be variable and tied to long vesting and payout mechanisms. This is intended to ensure that the interests of employees and senior leaders

¹ VPs and comparable titles

are strongly aligned with those of clients and shareholders, and involves a focus on both sustainable financial performance and long-term investment success.

The LTI components require recipients to have a long-term perspective, as it often takes up to 12 years until the full performance fee payouts from a particular investment fund or mandate are received. Given the length of this period, we believe the MCP promotes a focus on sustainable value & impact creation and avoids inappropriate risk-taking or short-term profit maximization at the expense of long-term return generation for our clients and ultimately shareholders.

2.1 Annual bonus

The annual bonus is awarded at year end. It is based on the individual's function and performance. It is intended to be stable and predictable and only adjusted downwards in the case of significant underperformance of the firm or on individual level.

The Board may at its discretion apply a malus of up to 100% at company or individual level to the actual annual bonus in case of:

- Unbudgeted financial loss at group or business unit level;
- Incident(s) based on breach of the risk control framework and non-compliance with internal and regulatory rules leading to compliance, risk, regulatory and reputational issues or incidents, including non-compliance with the company's Impact and Sustainability Policy;
- In case of any other risk to the overall health of the firm;
- In case of behavior which is in obvious contradiction to the values of the firm.

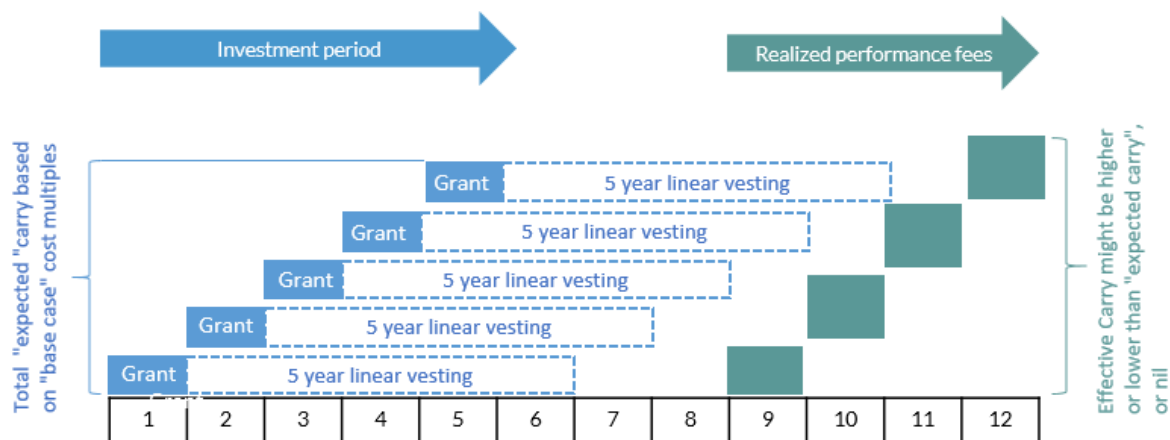
2.2 Management Carry Plan (MCP)

The Management Carry Plan (MCP) ensures a strong **alignment of interests with clients** as it is dependent on the achievement of a performance fee target, which ultimately derives from active value and impact generation and the realization of investment opportunities in underlying client portfolios.

Management Carry Plan (MCP) overview	
Eligible participants	<ul style="list-style-type: none"> • Members of Management+ and VPs in investment functions and other key functions with a substantial contribution to the success of performance-fee carrying investment programs managed/advised by the firm • Members of the Investment Committee (unless seconded by Partners Group)
Funding	<p>Carry Pools will be funded by up to 50% of carried interest generated and received from performance-fee carrying investment programs in a given fiscal year.</p> <p>The final Funding Factor for each Carry Pool will be determined by BlueEarth subject to a qualitative assessment of achieved impact performance of the underlying funds.</p>
Carry Pool(s)	<p>Carry Pool(s) are determined by BlueEarth at its own discretion typically by segregating performance-fee carrying investment programs or mandates; e.g.:</p> <ul style="list-style-type: none"> - PG Impact Investments II - PG Impact Credit Strategies 2020 <p>or, alternatively, by segregating performance-fee carrying investments by asset class, or transaction type, or level of involvement of BlueEarth, or region, or a combination thereof.</p>
Granting of Carry Rights	<p>The granting of a Carry Right and the amount thereof is in the sole discretion of BlueEarth.</p> <p>BlueEarth may grant more than one Carry Right to a Participant.</p> <p>The total available Carry Right amounts shall be distributed to Participants based on the following factors:</p>

	<ul style="list-style-type: none"> - Contribution to the overall success of a program (incl. fundraising) - Contribution to investments closed in a given year (by type and carry potential) - Rank and tenor
Carry Right(s) amount(s)	<p>Carry Right(s) are expressed as an amount of money in a currency determined by BlueEarth. The amount of Carry Right(s) is based on the costs of the investments attributable to the respective Carry Pool(s), multiplied by the assumed "base case" cost multiples (net of management fee, gross of carry) per investment type and the product- / segment-specific carry rates.</p> <p>Carry Right(s) are expressed in nominal amounts for illustrative purpose only. Benefits payable by BlueEarth to the Participant in discharge of Carry Right(s) may substantially differ from Carry Right(s) amounts granted and can be nil, depending <i>inter alia</i> on the actual cost multiples, carry rates, overall performance of the relevant investment program(s), currency, hedging, etc.</p>
Vesting	Carry Rights will vest linearly over a 5 year vesting period , provided the Participant has served the firm for five years prior to the Vesting Date and signs a non-compete agreement for a period of two years.
Payment of carry	Effectively realized performance fees in a given year/given Carry Pool are distributed to individual Participants of a Carry Pool annually, based on the Participant's pro-rata share of total aggregate Carry Right amounts vested in such Pool, and such performance fees are no longer subject to clawback or similar repayment obligations.
Forfeited awards	At the discretion of BlueEarth, forfeited awards can be used to attract new employees.

Illustration of MCP working principles:



See Appendix for numerical example (for illustration only):

3. Shareholder approval

To ensure alignment with its shareholder (Blue Earth Foundation), the Firm will seek shareholder approval for the following:

- Compensation Directive (and any changes thereof)
- Compensation of the Board of Directors
- Compensation of the Executive Management

Appendix

Numerical illustration of MCC (for illustration only)

Carry Pool: PG Impact Investments II														
Performance fee = 10%														
	Investment period								Performance fee realised					
Years	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
	1	2	3	4	5	6	7	8	9	10	11	12		Total
Invested capital														
Equity	10	20	10	20	10									70
Debt	30	35	30	25	30									150
Integrated	30	30	20	0	0									80
Total	70	85	60	45	40									300
Cost multiples ("base case")														
Equity	1.9	19	38	19	38	19								133
Debt (mix)	1.3	39	46	39	33	39								195
Integrated (mix)	1.5	45	45	30	0	0								120
Total value potential	1.49	103	129	88	71	58								448
Performance fee potential (in Carry \$)	10%	3.3	4.4	2.8	2.6	1.8								14.8
thereof Carry Pool funding (in Carry \$)	40%	1.3	1.7	1.1	1.0	0.7								5.9
Total Carry Right amounts granted (in Carry \$)		1.3	1.7	1.1	1.0	0.7								5.9
- Cumulative (in Carry \$)		1.3	3.1	4.2	5.2	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Total Carry Right amounts vesting schedule in %														
2020 Grants		20%												100%
2021 Grants			20%											100%
2022 Grants				20%										100%
2023 Grants					20%									100%
2024 Grants						20%								100%
Total Carry Right amounts vested (in Carry \$, All Participants)														
2020 Grants			0.26	0.26	0.26	0.26	0.26							1.32
2021 Grants				0.35	0.35	0.35	0.35	0.35						1.74
2022 Grants					0.22	0.22	0.22	0.22						1.12
2023 Grants						0.20	0.20	0.20	0.20					1.02
2024 Grants							0.14	0.14	0.14	0.14	0.14			0.72
Total Carry Right amounts vested (in Carry \$), p.a.			0.26	0.61	0.84	1.04	1.18	0.92	0.57	0.35	0.14			5.92
A - Cumulative (in Carry \$)			0.26	0.88	1.71	2.75	3.94	4.86	5.43	5.78	5.92	5.92	5.92	5.92
Allocation to Participant A (Carry \$)														
2020 Grants		0.13												
2021 Grants			0.15											
2022 Grants				0.10										
2023 Grants					0.12									
2024 Grants						0.10								
- Cumulative (in Carry \$)		0.13	0.28	0.38	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
<i>Share of Participant A in carry pool</i>		10%	9%	9%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Vested Participant A MCP allocation (in Carry \$)														
2020 Grants		-	0.03	0.05	0.08	0.10	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
2021 Grants		-	-	0.03	0.06	0.09	0.12	0.15	0.15	0.15	0.15	0.15	0.15	0.15
2022 Grants		-	-	-	0.02	0.04	0.06	0.08	0.10	0.10	0.10	0.10	0.10	0.10
2023 Grants		-	-	-	-	0.02	0.05	0.07	0.10	0.12	0.12	0.12	0.12	0.12
2024 Grants		-	-	-	-	-	0.02	0.04	0.06	0.08	0.10	0.10	0.10	0.10
B - Cumulative (in Carry \$)		-	0.03	0.08	0.16	0.26	0.38	0.47	0.54	0.58	0.60	0.60	0.60	0.60
<i>% vested Participant A allocation</i>		0%	9%	22%	32%	43%	63%	79%	89%	97%	100%	100%	100%	100%
Cost multiples - realised (in USD)														
Equity	2.0													140
Debt	1.4													210
Integrated	1.5													120
	1.57													470
C Performance fees - realised (in USD)									1.4	2.0	2.0	1.4		6.8
Payout to Participant A (in USD)									20%	30%	30%	20%		100%
D Incremental payout to Participant A									0.14	0.21	0.21	0.14		0.69
Cumulative payout to Participant A									0.14	0.34	0.55	0.69		0.69