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# remuneration policy

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## EU Sustainable Finance Disclosure Regulation

Article 5 of the Sustainable Finance Disclosure Regulation ("Regulation" or "SFDR") requires Asset Managers such as palero to provide insights into the company's actions and the application of its internal processes to:

- Sustainability risks considerations;
- Identification of Principle Adverse Impacts;
- Support environmental or social characteristics;
- Execute sustainable investments

paleros remuneration policy has been developed to account for responsibility, transparency, accountability, performance, and motivating and trustworthy culture, while simultaneously considering potential sustainability risks.

Private Equity investments are mid- to long-term focused and consider the time horizon of the subsequent owner/shareholders as part of a diligent investment decision. Therefore, the long-term value creation of paleros business activities shows principal alignment with sustainability, which can also be recognized in our remuneration schemes.

## Determining and adjusting remuneration

Our remuneration for our team is transparent and fair. All employees are being paid at least market standard fixed salaries which mostly are reviewed annually. The fixed salary is supplemented by an annual incentive bonus for the future. Further, we offer to our team a model to co-invest along with the investors at their discretion on a deal-by-deal basis which increases alignment and identification.



## **Our guidance relating to risk taking**

palero considers sustainability as well as other ESG aspects to be, amongst many others, integral parts of our Due Diligence, risk valuation and as such, our entire investment decision process. The identification and monitoring of sustainability indicators is of utmost importance as it protects our portfolio, positively impacting performance and consequently remuneration. Our framework on identifying, monitoring, and measuring sustainability through PAIs and other KPIs is under continuous development, allowing us to finetune necessary elements of sustainability and to maximize our risk-adjusted returns for our stakeholders.

## **Review**

paleros policies are reviewed carefully at least once every two years, led by our colleagues responsible for ESG matters in close consultation with our partners.