

CARMIGNAC GESTION LUXEMBOURG SA

Report of the Board of Directors on Carmignac Gestion Luxembourg SA's Remuneration Policy

Approved by	Board of Directors
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1 PRINCIPLES UNDERLYING CARMIGNAC GESTION LUXEMBOURG SA'S REMUNERATION POLICY

Carmignac Gestion Luxembourg SA's remuneration policy is designed to comply with European and national remuneration and governance rules as set out in the UCITS Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 and 2014/91/EU of 23 July 2014, the ESMA guideline of 14 October 2016 (ESMA/2016/575), and the AIFM Directive 2011/61/UE of the European Parliament and of the Council.

It promotes sound and effective risk management without excessive risk taking. In particular, it ties employees to the risks they take to ensure that Identified Staff are fully committed to the Company's long-term performance.

It complies with the objectives and interests of the fund managers, funds managed, and investors in order to avoid conflicts of interest.

The Remuneration Policy is in line with Carmignac Gestion Luxembourg SA's business strategy, objectives, values and long-term interests such as sustainable growth, and complies with the principles of client and investor protection when providing services.

The remuneration policy is available on the Carmignac Gestion Luxembourg website www.carmignac.com

2 GOVERNANCE AND DETERMINATION OF THE REMUNERATION POLICY

2.1 Decision-making process behind the Remuneration Policy

Carmignac Gestion Luxembourg SA's Board of Directors adopts and, at least once a year, reviews the general principles of the remuneration policy, assuming responsibility for its implementation.

Carmignac Gestion SA's Board of Directors has set up a Remuneration and Nomination Committee to help it establish and monitor the Company's remuneration policy.

The main role of this Committee is to:

- help the Board of Directors establish the principles of the remuneration policy in accordance with the UCITS V directive;
- help the Board of Directors supervise the development and application of the remuneration system;
- prepare for the Board of Director's decisions on remuneration, especially where they have implications for risk and the Company's risk management; and
- conduct an annual review of the list of employees concerned for Board approval.

In its supervisory role, the Board of Directors is asked to rule on the proposals and decisions of the Remuneration Committee, and to make any necessary changes or adjustments to the remuneration policy.

At least once a year, the implementation of the remuneration policy is subject to an independent and central internal assessment to check that it complies with the remuneration policies and procedures adopted by the management body in its supervisory role.

The Compliance and Internal Control department ensures that the remuneration policy has been reviewed by the Board of Directors at least annually, and that all related principles and procedures have been implemented accordingly. Together, the Compliance and Internal Control department and the Remuneration Committee oversee the fair and consistent application of the remuneration policy within the Company, as well as its compliance with rules and regulations applicable to remuneration matters and the principles laid down by the Board of Directors.

Carmignac Gestion SA's Board of Directors and Remuneration Committee may also ask external consultants to help them ensure that the remuneration policy complies with the applicable UCITS V regulations.

2.2 Composition of Carmignac Gestion SA's Remuneration Committee

Carmignac Gestion SA's Remuneration Committee is composed of at least three individuals chosen from the members of CARMIGNAC GESTION SA's Board of Directors and appointed by the Board of Directors in its supervisory role.

The Chair of the Remuneration and Nomination Committee is appointed by the Board of Directors of Carmignac Gestion SA in its supervisory role, and holds no executive position within the Management Company.

3 GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The remuneration policy applies to all Carmignac Gestion Luxembourg SA staff.

However, special measures are in place for employees whose work has a significant impact on the risk profile of the Company or the funds that it manages (Identified Staff).

To determine the rules of fixed and variable remuneration, the Remuneration Committee and the Board of Directors:

- consider the principles of the UCITS V Directive,
- take into account the individual performance appraisal, the management company's overall financial position and the group's results. The individual performance appraisal is based on quantitative (financial) and/or qualitative (non-financial) criteria;
- establish a structured remuneration system with a long-term outlook;
- incorporate the remuneration policy into the group's financial risk management while encouraging the employees concerned to promote the group's stability and long-term success.

3.1 General principles

The aim of Carmignac Gestion Luxembourg SA's remuneration policy is to align pay with sound risk management. The remuneration system in place ties in with the Company's strategic objectives and involves:

- A balance between fixed and variable remuneration
- A measure of performance

The remuneration policy governs the setting of the main components of pay:

- The fixed part: fixed remuneration and benefits
- The variable part

3.2 Fixed part: Basic salary

The amount of fixed remuneration (or basic salary) reflects the role, qualifications and experience of the individual concerned, as specified in the employment contract or the job description.

This fixed component represents a high enough percentage of total remuneration for a flexible policy to be applied to the variable components of remuneration, which includes the possibility of not paying any variable component.

3.3 Variable part: Determination and Appraisal

Variable remuneration depends on both the individual success of the employee and the performance of the Company as a whole.

The variable remuneration budget is determined on the basis of Carmignac Gestion Luxembourg SA's results over the previous financial year, while ensuring that capital remains at a sufficient level. It is then distributed between the various departments according to the assessment of their performance, and within each department according to employees' individual performance appraisals.

The amount of the variable portion allocated to each employee reflects their performance and the achievement of targets set by the Company.

These targets may be quantitative and/or qualitative and are linked to the employee's position. They take into account individual behaviour to avoid short-term risk taking. They give particular consideration to the sustainability of action taken by the employee and its long-term benefits for the company, the employee's personal involvement and the completion of assigned tasks.

Individual performance is assessed as part of an appraisal procedure in which the employee carries out a self-assessment and is also assessed by their team managers.

For other employees, the variable part is calculated and paid in cash during the first quarter of year N+1, based on the performances assessed for year N.

Special conditions concerning variable remuneration are also in place for Identified Staff, as described below.

4 STRUCTURE AND PRINCIPLES SPECIFIC TO THE VARIABLE REMUNERATION OF IDENTIFIED STAFF

4.1 Determination of Identified Staff

The list of Identified Staff is approved by the Board of Directors following a proposal by the Remuneration Committee, and is reviewed once a year. It is approved on the basis of criteria laid down in the ESMA Guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575).

The exact method of remunerating Identified Staff is approved by the Board of Directors each year following a recommendation by the Remuneration Committee.

4.2 Proportionality threshold

Variable remuneration of EUR 200,000 or less is paid in cash and is not subject to any deferred payment or payment in instruments as described below.

Any variable remuneration exceeding EUR 200,000 is subject to deferred and conditional payment for the whole amount. The variable remuneration will be paid partly in cash and partly in cash payments linked to a basket of funds if vesting conditions are met in full.

4.3 Structure of variable remuneration

- Deferred payment of variable remuneration:
 - At least 40% of the variable component of remuneration is deferred for an appropriate period of at least three years and, when vesting conditions are met, paid in cash linked to the performance of a basket of funds;
 - Remuneration due under the deferment system may only be paid in proportion to the length of time passed;
 - If the variable component of remuneration represents a particularly high amount decided by the Board of Directors, payment of at least 60% of this amount is deferred.
- Payment in the form of instruments: 50% of the variable component of remuneration is paid in cash linked to the performance of a basket of funds.

4.4 Variable remuneration vesting conditions

Variable remuneration, including the deferred part, is only paid or earned if the amount is consistent with the financial position of Carmignac Group as a whole, and if it is justified by the performances of the operational unit, fund and individual concerned.

The vesting and payment of variable remuneration are dependent on fulfilment of the conditions shown below, which aim to promote sound and effective risk management and avoid excessive risk taking:

1. Performance of the basket of funds: The variable remuneration actually paid to Identified Staff is indexed to the performance of a basket of funds, the use of which is intended to represent the Carmignac funds' investment strategies and assets under management. The contents of the basket are updated each year to reflect changes in the Carmignac group's business.

As such, the total amount of variable remuneration payable for year N is generally lower if the manager or funds concerned deliver mediocre or negative performances.
2. Prohibition of circumvention measures: Staff must undertake not to use personal hedging strategies or take out insurance for remuneration or liability to offset the impact of risk being incorporated into remuneration agreements. Variable remuneration will not be paid in any way that makes it easier to circumvent the requirements of the UCITS directive.
3. Exceptional guaranteed variable remuneration: Guaranteed variable remuneration can only apply in exceptional circumstances when a new member of staff is recruited, and only for the first year.
4. Financial health of the Company: The deferred part of variable remuneration is only earned if the amount is consistent with the financial position of Carmignac Group.
5. Compliance with internal standards: Each year, the deferred part of variable remuneration is only earned if, on the date of payment, the employee concerned has not breached any of the Company's internal rules (notably including its internal regulations, code of ethics and related policies and procedures).

6. Presence: With exceptions, the allocation of variable remuneration is subject to the employee being on the payroll on the day the remuneration is paid.