



Carmignac Gestion Luxembourg

Remuneration policy

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1. GENERAL PROVISIONS

The remuneration policy of Carmignac Gestion S.A. is designed in accordance with the European and national rules on compensation and governance as defined by the UCITS Directive of the European Parliament and of the Council n° 2009/65/EC of July 13, 2009 and n° 2014/91/EC of July 23, 2014 and the guidelines issued by the ESMA on June 3, 2013 (ESMA/2013/606).

The remuneration policy of Carmignac Gestion Luxembourg ("CGL") has been established in accordance with the European and Luxembourg legislative framework in the area of compensation and governance as defined by the Law of May 10, 2016 (transposing Directive 2014/91/EU of the European Parliament and of the Council of July 23, 2014 (the "UCITS V Directive"), by the ESMA "Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" of March 31, 2016.

The share capital of CGL is held at 99.9% by Carmignac Gestion S.A. ("CG Paris").

The remuneration policy promotes a sound and effective management of risks and does not encourage excessive risk-taking.

It is consistent with the goals and interests of managers, the mutual funds managed and investors of UCITS to avoid conflicts of interest.

The remuneration policy is in line with the corporate strategy of Carmignac Gestion Luxembourg as a whole, its objectives, values and long-term interests, such as sustainable growth prospects, and complies with the principles governing the protection of clients and investors in the course of services provided.

This remuneration policy has several objectives:

- It defines the rules of the fixed and variable compensation based on the principles contained in the UCITS Directive,
- It requires taking into account, when determining the variable compensation, the combination of the evaluation of individual performance, the general economic situation of the management company and the results of the group. The evaluation of individual performance is based on quantitative (financial) and qualitative (non-financial) criteria.
- It provides a structured compensation system. It is based on a long-term vision.
- It includes the remuneration policy in the management of the group's financial risk while encouraging the employees concerned to promote the sustainable success and stability of the group.

Application of the principle of proportionality

Based on the internal assessment prior to the development and adoption of the Remuneration policy, considering the size of CGL, its international organisation, the nature, scope and complexity of its activities, the principle of proportionality has not been taken into consideration, at company-level, in designing the Remuneration policy.

In accordance with the ESMA Guidelines point 7.3, CGL has chosen to apply the principle of proportionality at an individual level.

2. SCOPE OF APPLICATION

The remuneration policy is applicable to all staff of CGL and the staff of its subsidiaries, as well as to the staff of its branches.

Specific provisions are laid down for categories of staff whose professional activities have a significant impact on the risk profile of the management company or mutual funds they manage.

The list of identified staff will be adopted by the Board of Directors on the proposal of the Compensation Committee and will be reviewed annually.

3. COMPENSATION STRUCTURE

This remuneration policy aims to align compensation with good risk management. The compensation system in place is in line with the strategic objectives of the company and consists of:

- A balance between fixed compensation and variable compensation
- Performance measurement

This remuneration policy concerns the fixing of compensation in its main components:

- The fixed portion: fixed compensation and benefits
- The variable portion

The sum of the fixed and variable portions is the total compensation.

4. BASIC SALARY

The fixed component represents a sufficiently high proportion of the total compensation for a fully flexible policy to be exercised in respect of the variable components of the compensation, in particular the possibility not to pay any variable component.

5. VARIABLE COMPENSATION

5.1. Principles applicable to all staff

A variable component supplements the fixed component.

The variable remuneration rewards the performance of staff members who reach the targets that have been set for them by the Company.

The variable portion is determined and paid during the first quarter of year N+1, in respect of the performance assessed for year N.

5.2. Determination of the amount of variable compensations

The amount of variable compensations is determined based on the result of Carmignac Gestion Luxembourg during the previous financial year, ensuring that the level of equity remains sufficient.

It is then distributed among the different departments depending on the evaluation of their performance and, within each department, depending on the evaluation of individual performance.

5.3. Integration of sustainability risks

Further to Carmignac Gestion Luxembourg's commitments and initiatives in terms of responsible investment, and in accordance with the regulation in force, the general management takes into consideration sustainability risks when determining the pool of the variable remuneration allocated to all staff members.

5.4. Evaluation process

Individual performance is assessed through an evaluation procedure where the employee evaluates his own performance and is evaluated by the managers of his team.

Individual performance is reviewed through the performance evaluation process, which assesses how employees achieve the quantitative and/or qualitative targets related to their function, and which takes individual behaviour into account to discourage, in particular, short-term risk-taking.

For Management, the targets are defined by the Compensation Committee and the Board of Directors, in its oversight function, and shared with the interested parties.

For employees, it is their superiors who evaluate the overall performance of each employee based on their individual results and behaviour.

The evaluation of individual performance leads, in particular, to the fixing of variable compensations.

The determination of the amount due to each employee takes qualitative criteria into account, i.e. the sustainability of the actions carried out by the employee and their medium and long-term interest for the company, the personal involvement of the employee and the achievement of the assigned tasks.

Performance is assessed in view of the performance of the person and business unit concerned, as well as those of the company as a whole.

Depending on the position held, quantitative criteria will also be applied.

The achievement of the qualitative and/or quantitative criteria set will determine the variable compensation paid to each employee.

5.5. Rules applicable to the employees concerned

Each year, the Group's Compensation Committee shall submit to CGL's Board of Directors a list of the employees concerned with all information that the Board deems necessary to validate the scope of application of the following provisions.

The specific terms of compensation of the employees concerned are adopted each year by CGL's Board of Directors on the recommendation of the Group's Compensation Committee.

5.5.1. Deferred payment of the variable compensation

At least 40% of the variable component of the compensation is deferred for an appropriate period which may not be less than three years.

The compensation due under deferral mechanisms is only acquired at a maximum in proportion to the time elapsed.

If the variable component of the compensation represents an amount that is particularly high, the payment of at least 60% of this amount is deferred.

5.5.2. Payment in the form of instruments

A sufficient percentage of the variable component of the compensation consists in units of the mutual fund concerned, or in an equivalent participation, or in share-linked instruments or equivalent instruments.

5.5.3. Adjustment of the variable compensation

The variable compensation, including the deferred portion, is only paid or acquired if its amount is compatible with the financial situation of Carmignac Gestion Luxembourg as a whole and if justified by the performance of the operational unit, of the mutual fund and of the person concerned.

The total amount of the variable compensation for year N may be reduced or cancelled when the manager or mutual funds concerned record a poor or negative performance.

5.6. Specific rules applicable

The compensation rules are adopted each year by CGL's Board of Directors on the proposal of the Group's Compensation Committee.

5.6.1. Compensation of the members of the Board of Directors

The members of the Board of Directors receive attendance fees whose amount is determined by the General Shareholders' Meeting and the allocation is carried out by the Board of Directors. The internal members of the Board of Directors receive no variable compensation other than that attached to the function exercised under the employment contract between them and CGL, if any, or to their function as executive corporate officers. In addition, their attendance fees are lower than their fixed annual compensation.

5.6.2. Compensation of persons exercising control functions

Employees engaged in control functions are compensated based on the achievement of objectives related to their functions, independently of the performance of the operating sectors they control.

The compensation of senior officers in charge of risk management and compliance functions is directly supervised by the Group's Compensation Committee.

5.6.3. Compensation of persons exercising support service functions (excluding identified staff)

An individual annual bonus is granted by management, on the proposal of the supervisor, based on (1) the achievement of targets set on an individual basis and (2) the achievement of targets set for the entire service.

The variable compensation of support managers is granted by management based on the achievement of targets set on an individual basis and the achievement of targets set for their entire service.

5.6.4. Compensation of persons exercising commercial service functions (excluding identified staff)

Regarding sales staff, an individual annual bonus is granted by management, on the proposal of the supervisor, based on (1) the achievement of targets set on an individual basis and (2) the achievement of targets set for the entire service (in particular in terms of inflows).

Regarding private client advisors, an individual annual bonus is granted by management, on the proposal of the supervisor, based on (1) the achievement of targets set on an individual basis and (2) the achievement of targets set for the entire service.

5.7. Guaranteed compensation

The guaranteed variable compensation is exceptional, only applies within the framework of hiring a new member of staff and is limited to the first year.

Payments related to the early termination of a contract correspond to the performance achieved over time and are designed so as not to reward failure.

5.8. Prohibition of circumvention measures

Staff members are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to counteract the risk alignment effects incorporated in their compensation agreements.

The variable compensation is not paid by means of instruments or methods that facilitate the circumvention of the requirements of this Directive.

5.9. Pension

The policy in respect of pensions is in line with the economic strategy, objectives, values and long-term interests of the manager and mutual funds it manages.

6. Compensation of persons involved in the management of AIF

6.1. Principle of proportionality

In the event that CGL manages one or more AIF, the following elements in particular will be considered for the application of the principle of proportionality: the size of the AIF and the nature, scope and complexity of the activities.

The Compensation Committee and the Board of Directors will seek to ensure that the practices and compensation policies remain sound and do not encourage risk-taking inconsistent with the strategies in place.

6.2. Persons concerned

In the event that CGL manages one or more AIF, the list of identified staff will be decided by the Board of Directors on the proposal of the Compensation Committee. This list would then be subject to an annual review.

6.3. Specific rules applicable

The principles laid down in part 5 also cover the compensation of identified staff who may be involved in the management of AIF. Furthermore, the fixed and variable compensation would be allocated in accordance with the functions exercised by the person concerned.

7. Governance

7.1. Implementation of the policy

The management body of the manager, in the exercise of its oversight function, adopts and reviews the general principles of the remuneration policy at least annually and is responsible for its implementation.

The implementation of the remuneration policy is subject, at least once a year, to a central and independent internal assessment to ensure that it complies with the compensation policies and procedures adopted by the management body in the exercise of its oversight function.

7.2. Compensation Committee

The Board of Directors of Carmignac Gestion SA has decided to create a committee to assist it in the exercise of its mission of fixing the principles of the remuneration policy, pursuant to the provisions of the UCITS V Directive. This Compensation Committee will be effective both for CG France and for CGL.

Its composition and functions are described in a charter specifically drawn up for this purpose.

The objective of the Compensation Committee is to make proposals to the Boards of Directors of CG Paris and CGL, in their oversight function, and to review the overall remuneration policy of the Company. In particular, it makes proposals to the Boards of Directors, in their oversight function, concerning the compensation of executive members. It meets at least twice a year.

7.3. Monitoring the implementation

CGL's Compliance and Internal Control function ensures that the remuneration policy has been reviewed at least annually by CGL's Board of Directors and that the associated principles and procedures have been implemented accordingly.

Together, the Compliance and Internal Control function and Compensation Committee ensure the fair and consistent application of the remuneration policy within the Company, and its compliance with the rules and regulations applicable to matters of compensation and the principles adopted by the Board of Directors.

8. Publication

8.1. External publication

Each year, CGL publishes an annual report for each mutual fund that includes the following information:

- the total amount of compensation for the year broken down into fixed and variable compensation, paid by the manager to its staff, and the number of beneficiaries. This publication outlines how this distribution or breakdown was obtained;
- the aggregate amount of compensation of the manager's staff members whose activities have a significant impact on the risk profile of the fund;
- Details of the compensation practices relating to the staff concerned (i.e. quantitative/financial criteria and qualitative/non-financial criteria used to determine the variable compensation.

This information on the compensation of employees within the management company will be disclosed through an annual report for each fund, on request, to investors of mutual funds.

The Board of Directors of CGL prepares and publishes a report presenting the following information relating to the policy and practices of compensation of the members of the Executive Body, and to Risk-Takers:

- The decision-making process implemented to define the remuneration policy and information on the bodies (including their composition and mandate), such as the Compensation Committee and, where appropriate, the external consultants who have played an important role in determining the remuneration policy;
- A description of the staff categories considered as risk-takers and the criteria used to identify staff;
- A description of the different forms of variable compensation used (cash, shares and share-backed securities and others) and justification of the use of these different forms and their allocation to the different staff categories;
- The main features of the remuneration policy, including the criteria used to measure performance (quantitative and qualitative criteria) and adjust the compensation to the present and future risks, the link between pay and performance, the policy on the spread of compensation and guaranteed compensation, as well as the criteria used to determine the proportion of the amounts in cash compared to other forms of compensation.

8.2. Internal publication

CGL shall ensure that each employee is regularly informed of his level of compensation, the criteria used to assess his performance and the relation between performance and pay.