

Introduction

Capital Fund Management S.A. (the “**Company**”) has designed and implemented a remuneration policy (the “**Remuneration Policy**”) in line with applicable regulation (being the UCITS Directive¹, ESMA Guidelines², and GRAMF³). These provisions apply to the Company acting in a capacity as the management company of UCITS funds or, under a delegation agreement, as the portfolio manager of UCITS funds.

The Company is committed to align the interests of its clients, employees and directors with a view to deliver performance within the constraints of a strict risk framework. The Company seeks to avoid any remuneration schemes that could generate excessive risks, and retains the capacity to reduce bonuses materially if significant losses are incurred during a financial year. The remuneration Policy contributes to the attraction of talent, to the retention and motivation of employees as well as the long-term Company’s performance.

The Company does not intend to use any remuneration mechanism that would directly be correlated to the performance of any fund or investment mandate.

In line with the above-mentioned rules and regulations, the Company has developed and implemented a Remuneration Policy that:

- ▶ promotes and is consistent with sound and effective risk management of the UCITS funds it manages;
- ▶ does not encourage risk-taking which is inconsistent with the risk profiles of or the rules governing the UCITS funds; and
- ▶ does not impair the Company’s ability to act in the best interest of the UCITS funds and ultimately their investors.

Identified staff

In line with applicable regulation, the Company has established a list of employees and directors of the Company whose professional activities may have a material impact on the risk profile thereof and the UCITS under management (the “**Identified Staff**”). This list of Identified Staff is reviewed and updated annually by the committee in charge of remunerations (the “**Remuneration Committee**”).

Remuneration committee

The Board of the Company has established a Remuneration Committee to oversee the implementation of the remuneration arrangements and to exercise competent and independent judgment on remuneration policies and practices applicable to the Identified Staff.

The Remuneration Committee is responsible for assessing, overseeing and reviewing the remuneration arrangements of the Company, in line with the provisions of the UCITS Directive, ESMA Guidelines and GRAMF.

Remuneration principles

Rules applying to all employees of the Company

Remuneration of the Company’s employees consists of one or several of the following elements: (i) a fixed remuneration and (ii) a bonus determined on the basis of individual and/or collective performance criteria (the “**Variable Compensation**”). The Company has also implemented an employee profit sharing and incentive scheme (in French “*intéressement et participation*”) which is not subject to the Remuneration Policy, as such schemes are not in scope of the remuneration rules under the UCITS Directive.

The Variable Compensation results from a combination of discretionary criteria assessed on a yearly basis. These evaluations may be adjusted upwards or downwards accordingly.

The main principles of the Variable Compensation process results from:

¹ Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (“UCITS”) as regards to depositary functions, remuneration policies and sanctions (the “**UCITS Directive**”)

² ESMA Guidelines on sound remuneration policies under the UCITS Directive and Alternative Investment Fund Manager Directive (AIFMD) and ESMA Guidelines on sound remuneration policies under UCITS Directive dated 14 October 2016 (the “**ESMA Guidelines**”)

³ General Regulation of the French Autorité des marchés financiers (the “**GRAMF**”)

- the allocation of a budget depending on the consolidated profitability of the Company;
- the evaluation of individual and collective performance of employees;
- a remuneration grid implemented by the Company and built on data provided by well-known providers;
- the allocation of the budget on a team basis;
- calibration meetings and a validation by the Company's board of directors.

The Variable compensation may be communicated to Employees each year, at the earliest around mid-December and generally before the end of December (in respect of the year for which the Variable compensation is calculated). The Variable compensation is generally paid in the beginning of the following year.

The Variable Compensation is not paid in case of termination* of the employment agreement the Company's employees prior to the payment date, except for when the termination corresponds to retirement or incapacity ("invalidité"). The Variable Compensation of Identified Staff may be subject to deferral.

Rules applying to Identified Staff

As required under the UCITS Directive, the Company has set up specific rules regarding the payment of the Variable Compensation to the Identified Staff. These rules shall apply to the Variable Compensation which originates from revenue derived from the management of UCITS portfolios.

The following rules apply to the Variable Compensation of the Identified Staff:

- ▶ Variable Compensation is announced at the end of each year;
- ▶ a part (or all, depending on the amount) of the Variable Compensation is paid as cash in the beginning of the following year;
- ▶ in case of termination or resignation of the Identified Staff before payment of the Variable Compensation, no Variable Compensation is to be paid (except, as above, in cases of retirement and incapacity);
- ▶ the remainder of the Variable Compensation is deferred over three years and indexed to the performance of relevant reference UCITS funds, as required under the UCITS Directive (the "**Deferral**").

The payment of the Variable Compensation subject to the Deferral may be reduced or withheld subject to certain conditions (e.g. presence of the Identified staff at the payment date - except in case of retirement or incapacity, severe financial strain to the Company's assets, or material errors or misconduct by the Identified Staff; such conditions to be notified in writing).

In case of termination* of the Identified Staff before payment of the Variable Compensation (for each year of the deferral), no Variable Compensation will be paid;

This document is a summary of the CFM Policy remuneration and each employee is entitled to request the full policy remuneration by email to: regulatory@cfm.fr

* The termination of the employment agreement means the date of resignation, or the date of any termination agreement.

For further details



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Based in Paris with offices in London, New York and Tokyo, we work in partnership with our clients worldwide. Find out more at: www.cfm.fr