

COMGEST S.A.

# COMPENSATION POLICY

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## Preamble

This Compensation Policy (hereinafter referred to as the “**Policy**”) seeks to provide a framework for the compensation of all employees of Comgest S.A. (hereinafter referred to as “**Comgest S.A.**” or the “**Company**”).

Founded in 1985, Comgest S.A. is a company that mainly manages portfolios on behalf of third parties (management of UCITSs, AIFs and discretionary accounts) within the limits of the authorisation issued by the *Autorité des Marchés Financiers* (hereinafter referred to as the “**AMF**”) and based on the activity programme approved by the AMF.

In accordance with the provisions of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers (hereinafter referred to as the “**AIFM Directive**”), Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC (hereinafter referred to as the “**UCITS V Directive**”) and Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 amending Directive 2011/61/EU (hereinafter referred to as “**MiFID II**”), Comgest S.A. undertakes to establish, implement and maintain compensation policies, procedures and practices that promote sound and effective risk management, one of the focuses of the Company’s strategy.

Comgest S.A. also undertakes, in accordance with European Regulation (EU) 2019/2088 of the Council of 27 November 2019 on sustainability-related disclosures in the financial services (hereinafter referred to as the “**SFDR**”) to promote compensation practices in line with its objectives of integrating sustainability risks into its investment strategy. This includes paying attention to professional equality and compliance with non-discrimination principles.

Against this background, the Policy has been developed based on the following documents:

- the AIFM Directive;
- the UCITS V Directive;
- MiFID II;
- SFDR;
- the guidelines of the European Securities and Markets Authority on sound remuneration policies for managers of AIFs and UCITSs of 31 March 2016;
- the guidelines of the European Securities and Markets Authority on remuneration policies for AIF managers dated 3 July 2013;
- the AMF General Regulation;
- the AMF position No 2013-11 on remuneration policies for AIF managers dated 14 August 2013;
- the AMF’s guidance on the remuneration of AIF managers published on 2 August 2013;
- the Company’s regulatory approval documentation;
- the AMF’s guidance on the UCITS V Directive for asset management companies published on 3 August 2016;
- the Professional Equality Index; and
- the Company social agreement on Professional Equality and Quality of Life at Work.

## 1. DEFINITIONS

“**Management Body**” within the meaning of the UCITS V Directive: means Comgest S.A.’s Board of Directors.

“**Compensation Committee**”: means Comgest S.A.’s compensation committee.

“**Identified Staff**”: means certain employees of Comgest S.A., including the members of the Management Body, risk takers, persons who carry out a control function, and any employee whose professional activities have a material impact on the risk profile of the Company or the investment funds

it manages, and whose total compensation is in the same bracket as that of the members of General Management and risk takers.

**“Terms of Reference”**: means the terms of reference of the Compensation Committee which describe, inter alia, its composition and operating procedures.

**“Global Compensation”**: refers to the fixed and variable parts of the compensation detailed below.

**“ESG”**: means Environmental, Social and Governance areas.

## 2. GENERAL PROVISIONS OF THE COMPENSATION POLICY

### 2.1. General principles

Comgest S.A. is a subsidiary of Comgest Global Investors S.A.S. (“**CGI**”), the Group’s holding company and its sole shareholder. The Comgest Group is independent and wholly owned by its employees and founders.

It is useful to recall that the relationship between employees and Comgest S.A. is formalized by their employment contract, while as CGI shareholders, the CGI articles of association prevail.

Employees are able to acquire shares in CGI through several means, including the award of free shares (in French attribution gratuite d’actions or « AGA »), the LBO (Leveraged Buy-Out) and the direct acquisition of shares.

The objective of this mechanism is to maintain the liquidity and independence of CGI’s share capital while ensuring its longevity and the long-term commitment of the recipients.

The free share scheme is a tool that seeks to ensure that the recipient remains within Comgest S.A. for at least two years (the first year constituting the vesting period – corresponding to the period between the award and the actual delivery of the shares to the recipient employee – and the second year constituting a retention period – at the end of which the awarded free shares will become transferable).

In practice, the recipients of free shares within the Comgest Group or the purchasers of such shares have historically retained them for a much longer period, generally for as long as they remain employed by the Group.

The holding of shares by all employees aligns employees’ interests with those of investors and allows the Group to remain independent.

This compensation policy takes account of the general organisational and operational requirements of Comgest S.A. as well as the nature, scope and complexity of its business activities.

It seeks to reflect the economic strategy, objectives and values of the Company.

Its objective is to actively contribute to attracting new talents, to retaining and motivating Comgest S.A.’s employees, and to improving the Company’s long-term performance.

The Policy aims at maintaining an appropriate balance between the fixed and variable parts of the Global Compensation of employees.

### 2.2. Conflicts of interest

The Compensation Policy includes measures to prevent conflicts of interest and to ensure that the remuneration is aligned with interests of investors and the Company over the long term, while avoiding any incentive for excessive risk-taking that would be incompatible with the risk profiles of the managed portfolios.

In order not to compromise the independence of the control teams members, their compensation is not based on the performance of the operational units they oversee but rather on evaluation criteria related to their functions.

The methods for determining the compensation of the members of the Management Body specified below are intended to avoid conflicts of interest.

The Compensation Committee ensures that there are no conflicts of interest in the implementation of the Policy.

Potential conflicts of interest that may be identified by employees in the implementation of the Compensation Policy are collected and managed in accordance with the procedure for collecting and processing internal alerts set up by Comgest S.A.

### 3. GLOBAL COMPENSATION WITHIN COMGEST S.A.

#### 3.1. Fixed component of the Global Compensation

Global Compensation includes a fixed component that remunerates the employee for his/her ability to carry out his/her role. It takes into account both the experience of the employee, his/her skills and his/her level of responsibility. It corresponds to the basic salary defined in the employment contract. This fixed part is set on the basis of comparable components of the market. It is independent of individual performances.

#### 3.2. Variable component of Global Compensation

Global Compensation may include a variable component that seeks to recognise the individual performance of the related employee, his/her contributions, behaviour, team spirit and performance and the results of the Company as a whole. This variable component may include a bonus paid in cash and an award of CGI's free shares.

### 4. OTHER ADVANTAGES WITHIN COMGEST S.A.

#### 4.1. Profit-sharing scheme

A profit-sharing social agreement common to the companies that are members of Comgest's Economic and Social Unit (ESU) (including Comgest S.A.) was entered into on 25 March 2016 with a representative trade union organisation.

The purpose of this profit-sharing agreement is to distribute a proportion of the profits of the companies within the ESU to their employees with at least three months' service as of 30 September of the financial year in question.

The amounts distributed are calculated by adding together the positive Special Profit-sharing Reserves of each company within the ESU.

The methods used to calculate the triggering of profit-sharing payments are described in detail in the profit-sharing social agreement.

#### 4.2. Incentive scheme

Similarly to the profit-sharing scheme, an incentive social agreement common to all companies within Comgest's ESU was entered into on 21 March 2019. It enables the employees of companies within the scope of the agreement and with at least three months' service as of 30 September of the financial year in question to benefit from the Company's success and results.

The method for determining the amount of the incentive is described in detail in the social agreement.

#### 4.3. Mandatory Company Retirement Saving Plan

The Pacte Law has transformed retirement savings schemes since 01/10/2019 with the introduction of a new vehicle: the Retirement Savings Plan (PER). The purpose of the PER is to replace all the old retirement savings products (corporate or individual savings schemes).

Since January 1, 2022, Comgest S.A. has therefore substituted its Article 83 contract with a Company Retirement Savings Plan.

The individual pension account opened for each employee is managed based on the breakdown of existing financial instruments over the relevant investment horizon.

The contract covers all employees who have worked for the ESU for more than six months and who are under the age of 65.

The implementation procedures are specified in the collective insurance contract taken out by the entities of the ESU.

## 5. COMPENSATION GOVERNANCE

Comgest S.A.'s Global Compensation governance is carried out by various bodies and committees whose roles and duties are described below.

### 5.1. Management Body

#### 5.1.1. Composition of the Management Body

The Management Body consists of at least three members who are appointed by shareholders at the Ordinary General Meeting for a term of four years and who may be re-elected.

The Management Body elects a Chairman from among its members for a term that may not exceed that of the member's directorship.

#### 5.1.2. Role of the Management Body in setting compensation

The Management Body draws up and implements the Policy.

In carrying out its supervisory role, the Management Body, at the proposal of Comgest SA's Compensation Committee (after consultation of the Risk Committee), reviews the reference documents that constitute the compensation scheme.

In addition, Comgest SA's Chairman is invited to the Compensation Committee meeting where compensation of Identified Staff is reviewed. The purpose of this meeting is to share with the Committee the context and the main points relating to the period concerned in order to enable them to understand the resulting compensation proposals.

### 5.2. The Capital and Compensation Committee (CCC)

#### 5.2.1. Composition of the CCC

The Capital and Compensation Committee is composed, at a minimum, of individuals performing the following functions:

- (i) The CGI's Chief Executive Officer (Group CEO), ex officio member and Chair of the CCC during his/her term of office;
- (ii) The Group Chief Investment Officer (Group CIO), also ex officio members of the CCC throughout their respective terms of office.

The Group CEO, and the CIO may, at their discretion and by mutual agreement, appoint representatives of the investment teams or other operational teams as members of the CCC in order to increase the representation of more diverse employees of the Group.

#### 5.2.2. Role of the CCC

The role of the CCC covers the following areas:

- (i) Ensuring the implementation of the long-term (3-5 year) capital plan approved by the Board of Partners ("BoP");
- (ii) Overseeing the capital and remuneration work carried out by the CC Working Group (as defined below);



- (iii) Approving annual remuneration plan and capital allocation proposals, with the exception of the Group CEO and CIO's remuneration and capital allocation which is determined by the NGC.

### 5.3. Capital and Compensation Working Group (CC Working Group)

#### 5.3.1. Composition of the CC Working Group

The CC Working Group is a body made up of four permanent members including the Group CEO, the Group CIO, the Group Head of Human Resources and the Compensation & Benefits Officer.

#### 5.3.2. Role of the CC Working Group

The CCC delegates its powers and responsibilities in the following areas to the CC Working Group:

- (i) Implementation of the Group compensation policy, including:
  - (a) Reviewing annual individual employee compensation proposals (based on individual performance reviews) from Group entities, including proposals for variable remuneration;
  - (b) Considering the legal and regulatory requirements applicable to each entity, with remuneration proposals subject to review by local remuneration committees where required pursuant to local regulations;
  - (c) As the sole body with visibility of all remuneration, ensuring fair treatment of employees throughout the Group.
- (ii) Reviewing annual proposals from Group entities for the acquisition of CGI shares and ensuring proposals are aligned with the Group's long-term shareholding plan.
- (iii) Submitting the annual remuneration and capital allocation proposals to the CCC for review and approval.
- (iv) Confirm to the Executive Committee and to the BoP that the annual review process and final proposals have complied with defined processes.
- (v) Reviewing and assess fixed remuneration proposals in the hiring of new staff and periodically reviewing fixed remuneration for the Group.

### 5.4. Comgest S.A.'s Compensation Committee

#### 5.4.1. Composition of the Compensation Committee

As required by prevailing regulations, the members of Comgest S.A.'s Compensation Committee have the necessary competence and independence to properly assess the Policy and the compensation practices.

The Compensation Committee has six members: Comgest S.A.'s Head of Compliance and Internal Control, Comgest S.A.'s Head of Human Resources, three independent members of the BoP and an employees' Representative.

In order to guarantee the independence of the Compensation Committee, its chair must be an independent member with double voting rights.

The operating procedures of Comgest S.A.'s Compensation Committee are described in detail in its Terms of Reference.

#### 5.4.2. Role of the Compensation Committee

The Compensation Committee plays a consultative role and aims at advising and assisting the Management Body on the following matters:

- supervising the components of compensation offered to the heads of Comgest S.A.'s risk control and monitoring functions;
- reviewing the Compensation Policy;
- drawing up and updating the list of Identified Staff;
- helping to determine the principles for calculating variable compensation packages for the past financial year taking account, in particular, of the impact of the risks inherent to the business activities in question on the managed portfolios and the Company;
- analysing and monitoring compensation and independence issues and any conflicts of interest involving members of the Management Body;
- checking that the specific attributes of the Identified Staff are taken into account in the procedures for determining and paying their variable compensation in order to ensure that:
  - the compensation of the Identified Staff does not reward failure and, on the contrary, is aligned with the interests of the Company and of the clients over the long term;
  - it is not determined on the basis of criteria that encourage Identified Staff members to take risks which are incompatible with the risk profiles of the UCITS/AIFs managed;
  - the system for diversifying and deferring the variable part of the compensation is well applied to the Identified Staff;
- verifying whether the Company is able to pay the overall determined variable compensation without compromising its sustainability or triggering a risk of non-compliance with regulatory capital requirements;
- reviewing the implementation of the Policy at least once a year.

In conclusion of its work, the Compensation Committee issues recommendations to the Management Body to help it in its decision making process in order to establish the normative framework of the compensation and approve the variable compensation proposed.

## 5.5. Risk Committee

### 5.5.1. Composition of the Risk Committee

Comgest S.A. has a Risk Committee which consists of six members:

- the Chief Executive Officer;
- a representative of the investment functions;
- the Head of the Finance Department;
- the Chief Information Security Officer;
- the Head of Compliance and Internal Control; and
- the Group Risk Manager.

### 5.5.2. Role of the Risk Committee

Under the regulations applicable to investment management companies, in particular managers of AIF and UCITS funds, the risk management and monitoring functions must be involved in the process of reviewing variable compensation within the Company and more specifically the variable compensation of Identified Staff.

Comgest S.A. has entrusted this role to the Risk Committee, which provides its opinion on:

- the selection process for Identified Staff;
- the process of determining total variable compensation, ensuring that the various risks are taken into account, as well as maintaining the Company's ability to strengthen its capital base where necessary;
- the analysis of the relevance of the risk and compliance criteria used to evaluate the performance of the Identified Staff; and
- the process of drawing up variable compensation schemes.

The Risk Committee provides its conclusions to the Compensation Committee.



## 6. PRINCIPLES FOR DETERMINING AND PAYING COMPENSATION

In terms of compensation, certain principles apply to all Comgest S.A.'s employees while others only apply to Identified Staff.

### 6.1. Principles applicable to all Comgest S.A. employees

#### 6.1.1. Principles applicable to the fixed component of compensation

The fixed component of an employee's Global Compensation reflects his/her position and level of responsibility. It does not take into account the performance of the employee in question.

Its purpose is to reflect:

- the employee's level of experience;
- the employee's level of expertise; and
- the efforts of the Company to attract or retain the employee in question, based on the nature of his/her position, the context and the market situation.

This fixed component, which is in line with market standards, must be sufficiently high to facilitate the recruitment and retention of employees without inducing a propensity to take risks for employees whose activities are likely to have a material impact on the risk exposure of the portfolios managed or the Company.

The fixed component of the Global Compensation is set at the time the employee is hired and is reviewed periodically. It may include benefits in kind.

#### 6.1.2. Principles applicable to the variable component of compensation

Comgest S.A.'s employees may be awarded variable compensation that is determined by reference to the achievement of pre-determined goals and linked to their role.

Objectives linked to each employee's specific role are set when he/she takes up a role and then during an annual appraisal meeting. These objectives are agreed between the manager and the employee. They must be specific, measurable, achievable and realistic. They are communicated to each employee in advance of the period in question.

It should be noted that the payment of guaranteed variable compensation is exceptional and only applies when a new employee is hired, and it is limited to the employee's first year of working for the Company.

Note also that compensation payments linked to the early termination of an employment contract relate to long-term performance and do not reward failure.

#### 6.1.3. Consideration of sustainability risks

Comgest S.A.'s investment strategy, based on quality growth over the long term, naturally includes extra-financial factors into the stock selection criteria. Starting in 2012, the Company gradually built a team of ESG analysts to formally integrate ESG factors at several stages of its investment strategy. This team interacts continuously with the financial analysts and portfolio managers.

In order for the investment teams to understand the ESG factors and to be aware of the sustainability risks associated with companies included in the investment universes, Comgest S.A. includes in their annual review some assessment criteria in relation to ESG. These criteria may cover the quality of the ESG risk analysis carried out on companies targeted, the engagement actions vis-à-vis these companies and the participation in ESG training. These objectives are reviewed annually by the Company CIO and by the Head of Responsible Investment.

To take sustainability risks into account in the management of the Company, the Managing Directors' evaluation form also includes ESG criteria.

Comgest S.A. also analyses the risks linked to its long-term business that could have a significant financial impact on the Company. Where sustainability risks are considered significant and measurable, they are considered when determining the overall annual variable compensation envelope.

#### 6.1.4. Description of the process for calculating variable compensation

The employees are assessed annually in light of the objectives previously set. The managers then propose variable compensations reflecting the employees performance and behaviour over the year.

The CC Working Group consolidates all compensation information in a file. Then, supported by the Human Resources department, it reviews the consistency and fairness of the proposals throughout the Group. It finally obtains approval from the CCC before sending the compensation proposals concerning Comgest S.A. to its Compensation Committee.

Comgest S.A.'s Compensation Committee ensures, in turn, that the proposed compensation packages are consistent with the principles set out in the Policy. In particular, it ensures that the specificities of Identified Staff are taken into account in the process of determining their variable compensation and that the overall remuneration envelope does not entail any risk, as specified in paragraph 5.4.2. above.

At the conclusion of its work, the Compensation Committee issues recommendations to the Management Body to support it in its mission of validating variable compensation.

The final decisions are sent to managers by the CC Working Group and/or the Human Resources department. The managers then inform each employee in their respective teams of their variable compensation.

#### *Specific provisions applicable to the members of the Management Body*

Some members of the Management Body may have operational functions within the Group. For these functions, they are assessed by their manager. The Deputy Managing Directors are assessed for the functions falling within this role by Comgest S.A.'s CEO, who is in turn evaluated by the Group CEO and the BoP.

The variable compensations of these directors are proposed both by their evaluator and CGI's Nomination & Governance Committee subject to validation of the BoP. These compensation propositions are presented to the Management Body which, as the case may be, acknowledges or approves them.

##### 6.1.4.1. Preconditions to the award of variable compensation

The variable component of compensation is awarded at the discretion of the Management Body, and is subject to the following conditions:

- the achievement of the objectives set each year for each employee;
- the general individual performance of each employee assessed as part of the annual evaluation process;
- the performance of the employee's department, where applicable; and
- the Company's financial position; the total amount of the variable component of compensation is generally significantly reduced when the Company's financial performance is poor or it makes a loss.

##### 6.1.4.2. Procedures for the payment of variable compensation

Any variable part of the compensation awarded to employees is communicated to them before the end of September each year.

Where the variable component of compensation is paid, it is deemed to constitute salary and is therefore subject to all social security payments and contributions and income tax.

An employee's variable component of compensation is paid in cash and in some instances in free shares.

In any case, the variable component of the compensation will only be paid if the amount is compatible with Comgest S.A.'s financial situation as a whole.

Should events arise that could compromise the conditions for determining the variable compensation before its payout, it may be cancelled or partially paid.

## 6.2. Principles applicable to Identified Staff

### 6.2.1. Procedure for determining Identified Staff

Comgest S.A. complies with the requirements of the AIFM and UCITS V Directives in establishing the list of the Identified Staff.

The procedure first involves identifying all the functions that are considered, under those two Directives, as potentially having an impact on the risk profile of the Company or of the managed UCITS/AIFs.

All the identified functions are the subject of detailed analysis aimed at determining which functions have a real impact on the risk profile of the Company or the managed UCITS/AIFs, factoring in the operational procedures and controls in place as well as the governance of the Company.

The list thus constituted is completed with the managers of the UCITS/AIFs, when they were not initially included, to form the definitive list of Identified Staff.

The list of the functions of Identified Staff is Appendix 1 to this document.

The Risk Committee annually reviews the appropriateness of the process for establishing the list of the Identified Staff and, where necessary, makes recommendations to the Compensation Committee.

The list of Identified Staff is updated once a year by the Management Body on the proposal of the Compensation Committee. In the event of an occurrence taking place after the annual update of the list and significantly impacting it, the Compensation Committee may exceptionally propose a revised list to the Management Body.

### 6.2.2. Criteria for calculating the variable compensation of Identified Staff

The compensation process described in Section 6.1 of the Policy applies to all employees of the Company.

However, under the provisions of the AIFM and the UCITS V Directives and as a manager of AIFs and UCITSs, the Company determines the variable component of the compensation of Identified Staff based on quantitative and/or qualitative criteria that may vary depending on the nature of their role, in addition to the objectives set for each employee by their managers. The assessment criteria are reviewed annually. They are sent to the Identified Staff and their line managers.

### 6.2.3. Procedures for payment of variable compensation to Identified Staff

The mechanism described in this section only applies to Identified Staff. When the total variable compensation of an Identified Staff is below a threshold determined by the Management Body, his/her variable compensation in cash is immediately and fully paid, except the occurrence of one of the cases detailed in paragraph 6.2.3.3. When this amount equals or exceeds the threshold defined, part of the variable compensation payable in cash could be deferred under the conditions described below.

#### 6.2.3.1. Mechanism for diversifying and deferring variable compensation

The variable compensation of Identified Staff may be diversified through the CGI's share ownership scheme proposed to employees.

##### ➤ Award of free shares or direct acquisition of shares

Identified Staff still eligible to acquire shares in CGI may be awarded free shares. They may also be invited to buy CGI shares directly.

Insofar as the value of the free shares awarded to the employee or acquired directly by the employee represents a sufficiently large proportion of the variable component of the employee's Global Compensation (at least 50%), Comgest S.A. considers that this mechanism is a means of diversifying part of the compensation.

In view of the holding period for the shares, which generally corresponds to the employee's period of employment by the Group, Comgest S.A. also considers that this mechanism allows a proportion of the variable compensation to be deferred over time.

Free shares and/or shares acquired directly by the employee will be subject to indexation on the conditions set out below.

The remainder of the variable compensation is paid in cash in a single payment.

➤ Variable compensation paid in cash

For Identified Staff who are no longer eligible to acquire shares in CGI and those whose variable part of the Global Compensation is less than 50% of the value of the free shares awarded to them or acquired directly by them, the mechanism that applies, when the variable part of their Global Compensation awarded in year N is above the threshold defined by the Management Body, is as follows:

- payment of 50% of the variable component of compensation is deferred;
- the deferral period for the payment of the deferred component of variable compensation is set at three years;
- one third of the deferred component of variable compensation is paid in each year of the three-year deferral period;
- the proportion payable each year (years N+1 to N+3) will be paid in the form of an indexed cash under the indexation conditions set out below; and
- the deferred component of variable compensation only vests for the employee on the date on which it is actually paid.

In certain circumstances, an Identified Staff member's variable compensation may be subject to both the diversification and the deferring mechanisms described above.

#### 6.2.3.2. Indexation of deferred variable compensation

To further align the interests of the Identified Staff with those of the Company and investors, Comgest S.A. has put in place a mechanism for indexing deferred variable compensation to the performance of a basket of investment funds that are representative of the Company's investment strategies as a whole.

The characteristics of this indexing mechanism are defined by the Management Body.

In practice, depending on the relative annual performance of the basket of funds over the three-year deferral period and taking account of the characteristics of this indexing mechanism put in place:

- the deferred part of the variable remuneration may not be paid in full;
- the number of free shares that would be awarded to the employee or the number of shares that he/she could be invited to purchase in years N+1 to N+3 may be revised downwards until the malus is depleted. This reduction, linked to the relative performance of the basket of funds, could therefore impact the number of shares offered to Identified Staff in years N+1 to N+3. Where the employee does not receive a new shares purchase proposal during that three-year period, he/she may be required to sell some or all of the shares he/she holds.

The performance of the basket of funds is analysed against the composite index made up of the benchmark indices of each fund in question, taking account of the relative weight of each fund in terms of net assets.

The explanatory note of this mechanism of indexation available in Appendix 2 of the Policy details the applicable terms and conditions.

#### 6.2.3.3. Other scenarios that may affect variable compensation

The vesting and payment of the deferred component of variable compensation, regardless of its form, are conditional on no event occurring that may have a significant impact on the long-term survival of Comgest S.A. and, where applicable, on no information subsequently coming to light that may undermine the grounds for awarding the variable compensation to the employee.

The following scenarios may justify the application of a malus, at the Management Body's discretion:

- significant increase in the level of risk borne by Comgest S.A. or the investment funds managed;
- deterioration in the financial situation of Comgest S.A. in terms of financial performance or capital/equity;
- evidence of a conflict of interest, a risky and/or fraudulent and/or unethical behaviour by the employee;

- detection of abnormal or intentional errors in carrying out his/her duties in the financial year in question
- occurrence of an event or a situation in the environmental, social or governance areas which has or could have a significant and negative impact for investors and/or for the Company.

As regard portfolio managers, a malus may also be applied in the event of an intentional breach of the risk monitoring rules for the investment fund(s) that they manage, where (i) such breach was not detected before or at the time the variable component of compensation was awarded in respect of the financial year in question and (ii) it has directly led to losses for the investment fund(s) in question or the Company.

If, in the view of the Management Body, the consequences of individual breaches of the risk-taking rules laid down by the Company are sufficiently serious and come to light after a variable component of compensation has been paid, the employee in question may be required to return some or all of the variable compensation received for the financial year in question to Comgest S.A. (claw-back).

A list of behaviours likely to lead to the application of a malus or a claw-back is detailed in the appendix 3 of this Policy.

The employee may, on the same conditions set out above, be subject to a malus in respect of any free shares received or shares acquired, the impact of which will be applied to subsequent awards of free shares or subsequent offers to purchase shares. In the most serious cases, which are left to the discretion of the Management Body, the employee may be required to immediately sell the shares he/she has acquired in accordance with the rules applicable to the valuation and holding period of such shares and bear any tax consequences resulting therefrom.

These provisions have been introduced to allow for an ex-post risk adjustment to be made in relation to the variable compensation awarded to Identified Staff.

#### 6.2.3.4. Departure of an Identified Staff member

If an Identified Staff member retires, resigns or is dismissed, the payment of his/her deferred variable compensation not yet received on the date of his/her departure remains subject to the application of the indexation mechanism.

Dismissals and resignations of Identified Staff are dealt with on a case-by-case basis at the discretion of the Management Body.

## 7. NON-CIRCUMVENTION OF THE POLICY

The use of individual compensation or liability hedging or insurance strategies with a view to limiting the scope of the provisions on the alignment of risks contained in this compensation policy, and in particular circumventing the malus provisions, is strictly prohibited.

Comgest S.A. will not pay variable compensation to employees using instruments or methods that may facilitate the circumvention of the requirements of the AIFM Directive or the UCITS V Directive. Comgest S.A.'s Management Body ensures that this principle is complied with.

## 8. UPDATE AND ENTRY INTO FORCE OF THE POLICY

The Compensation Committee reviews the Policy each year and submits it (as well as its appendices) to the Management Body for approval.

The Policy enters into force once it has been approved by the Management Body.

## **9. PUBLICATION OF THE POLICY**

### **9.1. Internal publication**

The Compensation Policy is made available for all the employees in a folder dedicated to procedures and policies.

### **9.2. External disclosure**

The Compensation Policy is published on the Company's website. A summary is mentioned in the UCITS' legal documentation.



**Appendix 1 – List of roles of Identified Staff**

Date on which the list was last updated: 1 October 2023.

On the date it was last updated, the list of Identified Staff comprised 27 employees from the Management Body, the Fund Management team and the risk control, compliance, internal control and information systems security functions:

▪ The Chief Executive Officer	▪ The Deputy Managing Director
▪ The Chief Investment Officer	▪ 21 UCITS and/or AIF Portfolio Managers
▪ The Group Risk Manager	▪ The Head of Compliance and Internal Control
▪ The Chief Information Security Officer	

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## Appendix 2 – Explanatory Note of the Compensation Policy’s Mechanism of Indexation

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## 1 Introduction

The purpose of this note is to explain the mechanism for indexing the deferrable component of the variable compensation of Identified Staff members, as well as their shareholding. It constitutes one of the appendices to Comgest S.A.'s Compensation Policy.

This document is also used by the Compensation Committee to verify the application of any malus on the deferred portion of the variable compensation which is planned for payment each year, and on the Comgest Global Investors S.A.S. (CGI) shares offer that may be proposed to the Identified Staff members.

The terms and conditions for deferring part of the variable compensation are detailed in the Compensation Policy. The amount of variable compensation from which a deferral will be considered is set by the Management Body. Since 2017/2018 financial year, this threshold was set at €200k, which shall continue to apply for subsequent financial years unless otherwise decided by the Management Body.

The system described in this document entered into force for the variable compensation awarded in respect of the 2017/2018 financial year and will continue to apply in respect of subsequent financial years.

## 2 Indexing mechanism

### 2.1 Definition of a basket of funds that is representative of Comgest S.A.'s investment strategies

To further align the interests of the Identified Staff with those of the company and its investors, Comgest S.A. has introduced an indexing mechanism applicable to the deferred variable compensation and to the CGI shares acquired. This mechanism depends on the performance of a basket of funds representative of its investment strategies as a whole.

Comgest S.A. has therefore chosen its range of UCITS and the sub-funds of the Irish SICAV Comgest Growth plc that it manages under delegation from *Comgest Asset Management International Ltd, the investment company of the Group authorised by the Central Bank of Ireland*.

The list of these portfolios is updated on 31 December of each year by the Compensation Committee and validated by the Management Body.

The deferred variable compensation planned for payment each year as well as the potential CGI shares offers are indexed to the relative performance of the relevant portfolios over a three-year rolling period compared with their respective benchmarks, in proportion to each portfolio's asset under management in the basket of funds.

### 2.2 Procedure for calculating relative performance

Relative performance is calculated based on the weighted gross monthly AUM of the portfolios included in the basket, on a rolling basis over the three most recent reference years. This is an annualised performance over 3 years.

The reference calculation will be carried out on 31 March of each year. For example, the relative performance that determines whether or not a malus is applied to the deferred variable compensation due on 30/09/N is calculated on the period from 01/04/N-3 to 31/03/N.

The calculations are carried out by the Performance team and validated by a Portfolio Manager.

## 2.3 Thresholds at which the malus is triggered

The Board of Directors determines the thresholds at which the relative performance of the basket of funds triggers a malus, as well as the applicable discount levels.

The indexation applies as follows:

$\alpha$ = Relative performance of the basket of funds over a 3-year rolling period	Discount on the portion of deferred variable compensation awarded in respect of the reference year and the CGI shares proposals
$\alpha < -15\%$	- 20%
$-15\% \leq \alpha < -12.5\%$	- 15%
$-12.5\% \leq \alpha < -10\%$	- 12.5%
$-10\% \leq \alpha < -7.5\%$	- 10%
$-7.5\% \leq \alpha \leq -5\%$	- 7.5%
$-5\% < \alpha$	0%

## 3 Application of the malus to the deferred variable compensation

The relative performance of the basket of funds calculated on each application date is analysed by the Compensation Committee to identify whether a malus must be applied on the deferred variable compensation planned for payment for the reference year.

If applicable, the resulting discount rate on the variable compensation is applied to the deferred variable compensation paid on 30 September of the reference year. The malus that is applied is final and the relevant portion of the compensation is definitively lost. The application of the malus is formally endorsed by the Management Body.

It should be noted that there is no upward indexation of variable compensation in the event that the relative performance of the basket of funds is positive. The maximum amount that an employee may therefore receive is the exact amount of his/her deferred variable compensation.

For example, if the relative performance of the basket of funds over a given period is -8%, and the deferred portion of an employee's variable compensation is €50k, a 10% discount will be applied to that amount. The relevant employee will therefore receive €45k.

Under the same conditions, if the relative performance of the basket of funds is +10%, the employee will be paid the awarded deferred variable compensation in full, i.e. €50k.

## 4 Application of the malus to CGI shares

As in the case of deferred variable compensation (see §3 above), the Compensation Committee identifies whether a malus should be applied to CGI shares offered to Identified Staff.

It should be noted that in the event of a malus, the discount would be applied to CGI shares offered in the future, on the basis of shares purchased or offered during the last three financial years. This has the effect of reducing the number of future shares offered to Identified Staff, while avoiding the sale of shares already held. The threshold for triggering the malus and the discount rate would be the same as those applicable to deferred variable compensation (see §2 above).

CGI shares acquired within each of the last 3 financial years must exceed a valuation of €200k (valued at the CGI share price on the acquisition/proposal date) to be included in the malus calculation basis. Otherwise, they are excluded.

By analogy with variable compensation, the calculation basis would be one-third of half of the shares acquired during the 3 years preceding the reference year.

Shares acquired during financial years in which the employee was not considered as Identified Staff are excluded from the calculation of the malus.

In the event that the number of shares offered by the Management Body to Identified Staff is less than the number of shares to be deducted, the deduction is carried forward until it is used up in full, for a maximum of 3 financial years. At the end of these 3 financial years, if the malus cannot be applied in full, the employee may be asked, at the discretion of the Management Body, to sell all or part of the shares held.

Example: calculation of the discount for an employee who becomes Identified Staff in 2021, with a relative performance of the basket of funds at 31/03/2023 of -8% and the following shares acquisition:

Financial Years	CGI Share price	# shares (Direct + Free shares)	Theoretical value of shares at acquisition/proposal date
2020	€296,33	700	€207,431
2021	€330,08	700	€231,056
2022	€440,91	380	€167,546

The 700 shares in 2021 fall within the scope of the malus because their value in 2021 exceeded €200k.

On the other hand, the 2020 shares are excluded from the basis of calculation because the employee was not a risk-taker in that particular year, even though their value exceeded €200k.

Finally, the 2022 shares are also excluded because they do not exceed the €200k threshold.

Calculation of the malus applicable to one-third of half of the shares acquired in 2021, by analogy with deferred variable compensation:

Shares 2021 taken into account in calculating the malus  $700 / 2 = 350$

One third of the theoretical half for 2022  $117 (= 350 / 3)$

One third of the theoretical half for 2023 117

One third of the theoretical half for 2024 116

% of malus according to the scale of paragraph 2.3 10,0%

**Malus = number of shares to be deducted in 2023 from  
the proposal made to the employee: 12 (= 117 x 10%)**



### Appendix 3 – Examples of behaviours that may result in the application of a malus or claw-back

The table below contains examples of behaviours that may result in a malus or claw-back being applied to the variable remuneration of an Identified Staff member. This list is not exhaustive.

The final decision to apply a malus or claw-back, as defined in the Policy, to the variable remuneration of an Identified Staff member is at the discretion of the Management Body.

Category of employees concerned	Type of criteria	Non-exhaustive examples of behaviours
Investment management functions	Lack of knowledge of the risk-taking rules laid down by Comgest SA	Clear, material and/or repeated breaches of investment guidelines
		Clear and repeated breaches of internal procedures and policies that have led to significant operational risk for the Management Company and its investors
	Failure to comply with honourability and skills requirements	Behaviour that may be criminal in nature (sexual harassment or bullying, discrimination, etc.)
		Acting while subject to a conflict of interest representing a potentially significant risk for Comgest SA and/or its clients
		Participation in market abuse or attempted market abuse
		Clear and repeated breaches of the rules relating to personal transactions or outside business affiliations set out in the Code of Ethics
		Clear breach of the duty to raise an alert as a witness or participant in a situation that may lead to significant operational or regulatory risk for the Management Company or its investors
Other functions	Lack of knowledge of the risk-taking rules laid down by Comgest SA	Breach of reporting obligations to the Management Body or regulators
		Failure to implement the Compliance and Internal Control Plan (PCCI) or insufficient formalisation of controls justifying the implementation of the PCCI
		Grievance or clear breach during an audit or investigation by the AMF (the French Financial Markets Authority) that may be directly linked to the duties of the Identified Staff member
		Clear and repeated breaches of internal procedures and policies that have led to significant operational risk for the Management Company and its investors
	Failure to comply with honourability and skills requirements	Behaviour that may be criminal in nature (sexual harassment or bullying, discrimination, etc.)
		Acting while subject to a conflict of interest, representing a potentially significant risk for Comgest SA and/or its clients
		Clear and repeated breach of obligations concerning the monitoring of market abuse, anti-money laundering and counter-terrorist financing
		Clear and repeated breaches of the rules relating to personal transactions or outside business affiliations set out in the Code of Ethics
		Clear breach of the duty to raise an alert as a witness or participant in a situation that may lead to significant operational or regulatory risk for the Management Company or its investors