VARENNE CAPITAL PARTNERS

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Disseminated to	**All employees**

This procedure is a free translation of the French version, please refer to the original version in case of discrepancies.

I. Preamble

A. Policy Objectives

This Compensation Policy of Varenne Capital Partners consists of general principles applicable to all employees, special principles applicable to the identified employee group constituted under the terms of the AIFM and UCITS V directives, and a governance mechanism applicable to all employees.
The Policy has been established in compliance with provisions pertaining to compensation in the following regulatory texts, as well as the guidelines of the European Securities and Markets Authority (ESMA) and the resulting positions of the French Financial Markets Authority (AMF):

- Directive 2014/91/EU of the European Parliament and Council of 23 July 2014 pertaining to undertakings for collective investment in transferable securities (UCITS), as transposed into the French Monetary and Financial Code by Ministerial Order n°2016-312 of 17 March 2016 ("UCITS V Directive"),
- Directive 2014/65/EU of the European Parliament and Council of 15 May 2014 on markets in financial instruments, as transposed into the French Monetary and Financial Code by Ministerial Order n°2016-827 of 23 June 2016, amended by Delegated Regulation 2017/565/EU of 25 April 2016 ("MiFID Directive"),
- Directive 2011/61/EU of the European Parliament and Council of 8 June 2011 on alternative investment fund managers, as transposed into the French Monetary and Financial Code by Ministerial Order n°2013-676 of 27 July 2013 ("AIFM Directive"),
- Regulation 2019/2088 of the European Parliament and Council of 27 November 2019 on sustainable financial disclosures ("SFDR").

B. General Principles

The Compensation Policy is a strategic component of Varenne Capital Partners' policy. As a tool for incentivising and retaining employees, it aims to be competitive and attractive with regards to market practices, while remaining in strict compliance with broad financial equilibria, and regulations.

The Compensation Policy applies to all employees. Its basic principles encompass the alignment of employee remuneration with investor interests:

- It is consistent with, and promotes, sound and efficient risk management and does not encourage risk-taking that is undue or incompatible with the risk profiles concerned, or with regulations or documents governing managed products.
- It is consistent with the economic strategy, objectives, values, and interests of the portfolio management company and the products it manages, as well as with those of investors, and includes measures to prevent conflicts of interest.

The Compensation Policy includes all components of remuneration, including fixed compensation and, where applicable, variable compensation. It contains both quantitative

and qualitative components. It aims to ensure equitable and selective treatment of employees.
Each employee's contribution and performance shall be assessed based on their job description, assignments, and level of responsibility within the company.
Specific criteria integrating sustainability risks, i.e., social, environmental, and governance challenges, shall be set, at the very least for all portfolio management employees with regards to factoring these criteria into the investment processes.

II. Components of Compensation

A. Fixed Compensation

Fixed compensation recognizes the skillset, professional experience, and level of responsibility expected in a particular position.
Adjustments to fixed compensation shall be reviewed once per year as part of the annual review of compensation. Outside of this period, raises may be granted only upon promotions, internal transfers, or exceptional individual circumstances.
The company shall ensure that it maintains a level of fixed compensation that is sufficient for remunerating its employees' professional activity.

B. Variable Compensation

Variable compensation packages are set by Senior Management based on the performance of Varenne Capital Partners, as well as employees' individual performances.

Variable compensation, which may be awarded where applicable, recognizes the performance over a year.

Variable compensation at Varenne Capital Partners may consist of a profit-sharing and participation scheme associated with a Corporate Savings Plan (PEE). Within this framework, employees may benefit from a matching contribution scheme This collective variable compensation mechanism contains no incentives with regards to managing the risks of the company and/or the products it manages and does not fall within the scope of application of the AIFM or UCITS V directives.

Individual variable compensation may be awarded on a discretionary basis within the framework of the annual review of compensation. The review is framed around specific criteria based on an individual's performance and the manner in which said performance was achieved. It takes the following into account:

- Results achieved, attitude, commitment, change in job description, tangible results based on quantitative and qualitative criteria;
- Managerial capacities;
- Capacity to see through strategic projects;

- The individual's value to the company;
- The individual's market value.

Total variable compensation awarded to employees may be negatively affected by inappropriate risk and compliance management or by failure to comply with regulations and internal procedures during the year in question.

The identified employee group (see section III) is subject to specific obligations in adhering to risk-management and compliance rules. Failure to meet these obligations may result in a partial reduction or absence of individual variable compensation.

In the event of financial losses or significant declines, the company may also decide to reduce or cancel all individual variable compensation packages, as well as, where applicable, non-vested deferred variable compensation already awarded.

Guaranteed variable compensation is possible only in exceptional cases of new employees and only for the first year of employment.

"Golden parachute"-type mechanisms are prohibited. Payments pertaining to early termination of the work contract shall be set on the basis of legal provisions (i.e., both legal and collective-bargaining severance payments) and the performances achieved on a sustained basis by the beneficiary, his department, and the entire portfolio management company and designed such as to avoid rewarding failure.

Variable compensation is not paid out through instruments or methods that facilitate the bypassing of regulatory requirements.

C. Mechanism for Retaining Key Employees

The company wants to be in a position to guarantee to its investors the retention of the most talented employees or those identified as key employees with regards to their commitment or their contribution to the company's results.

To do so, a mechanism of retention and company-performance incentive bonuses has been built into the Compensation Policy, notably with share-based compensation.
The portion of the annual variable compensation paid out via this share-based compensation is then deferred, so as to further align employees with the company's performances.

This mechanism is subject to conditions of continuing employment at the company and the lack of unusual behaviour that could have an impact on the level of risk affecting Varenne Capital Partners and/or the products it manages. The above mechanism falls within the scope of application of the AIFM and UCITS V directives.

D. Balancing Fixed and Variable Compensation

The company shall ensure that there exists a suitable balance between fixed and variable components of total compensation and that the fixed component accounts for a share of total compensation that is sufficiently high for a fully flexible variable compensation policy to be implemented. Notably, for the option of paying out no variable compensation. Individual situations, for which variable compensation is higher than fixed compensation and that are due to market practices and/or level of responsibilities, performance, and exceptional behaviour, shall be documented by Senior Management as part of the annual review of compensation.

III. The Mechanism Applicable to the Identified Staff

A. Identified Staff

In accordance with regulatory provisions, the identified employee group encompasses personnel categories that include Senior Management, risk-taking personnel and supervisory personnel, as well as any employee whose total compensation is in the same range of compensation as Senior Management and risk-taking personnel, whose professional activities have a significant impact on the risk profile of the portfolio management company and/or the products it manages. Such persons are identified based on their professional activity, their level of responsibility, or their level of total compensation.

The following staff have been identified:

- Members of Senior Management;
- Personnel responsible for portfolio management;
- Control and auditing personnel (risk, compliance and internal controls);
- Heads of support or administrative activities;
- Other risk-taking personnel;
- Employees whose total compensation is in the same range of compensation as Senior Management and risk-taking personnel.

Each year, the Chief Compliance Officer determine and formalize the methodology of identification and the scope of the identified staff. The scope of the group is subject to approval by Senior Management.
The entire identification process is documented and kept on file. The employees concerned are informed of their status.

B. Mechanism Applicable to Variable Compensation of the Identified Staff

In accordance with regulations and in order to ensure alignment of interests between employees, investors, and the portfolio management company, once variable compensation of the identified employee group has crossed a certain threshold, it shall be deferred in part over a period of at least three years and vested on a prorated basis.

The proportion of variable compensation that is deferred over three years increases with the amount of variable compensation awarded and may be as high as 60% for the highest levels. Procedures for implementing the deferred compensation are as follows[1]:

- Between €200K and €499K: 50% deferred
- €500K and more: 60% deferred

Vesting of deferred variable compensation is subject to the recipient's continued employment, the portfolio management company's financial performance and the lack of unusual behaviour that could have an impact on the level of risk of the company and/or the products it manages. It is based on the following principles:

- Deferred payment of 50% of the bonus of persons concerned;
  i.e., 50% the first year in cash,
  1/3 of 50% i.e., 16.67% the second year,
  1/3 of 50% i.e., 16.67% the third year and
  1/3 of 50% i.e., 16.67% the fourth year.

- Deferred compensation:

  50% of the variable compensation of the persons concerned is deferred to at least the three following financial years (N+1, N+2, N+3) i.e., for the company 50% in N+1, 16.67% in N+2, 16.67% in N+3 and 16.67% in N+4.

- Ex-post risk adjustment to deferred variable compensation, with conditional payments in N+2, N+3 and N+4;

  For everyone, continued employment, and Varenne Capital Partners' financial wherewithal which, where applicable, could mean a postponement of a payment, i.e., a net accounting loss for the year concerned combined with a negative cash position of Varenne Capital Partners.

  For managers and analysts, variable compensation also hingers on the employee's individual performance, which could, where applicable, cause the payment to be postponed or cancelled outright.

  For Risk and Control personnel:

  Variable compensation depends on achieving qualitative objectives set by the employee's line supervisor during the annual evaluation interview. Such objectives include the quality of controls, compliance with regulatory standards, professional

[1] The thresholds considered apply to the amount of variable compensation minus sums paid out for incentive bonuses tied to the company's performance (*intéressement*), profit-sharing (*participation*) and matching contribution within the employee savings mechanism.

ethics, operational compliance, etc., but under no circumstances on the performances of audited personnel.

For other employees:

Variable compensation depends on achieving quantitative and/or qualitative objectives set by the line supervisor during the annual evaluation review. Objectives may include, for example, the level of net or gross inflows, compliance with internal procedures, proper management of external requests, the number of claims, or the completeness of client dossiers clients.

- Deferred amounts (paid out in N+2, +3 and +4) are indexed to the performances of the I-EUR units/shares of mutual funds governed by French and Luxembourg law and managed by Varenne Capital Partners[2], with the observation point beginning on 31 December of year N.

IV. Governance

The general and special principles of the Compensation Policy are set and formalized by the company's Senior Management, and the Chief Compliance Officer (CCO). The CCO also plays an active part in ongoing supervision and evaluation of the Compensation Policy. Accordingly, he is involved in determining the overall strategy applicable to the portfolio management company, in order to promote the development of efficient risk management. As such, he is involved in determining the scope of the identified employee group. He is also in charge of evaluating the impact of the variable compensation package on the managers' risk profile. The CCO also enforces the Compensation policy based on calculation and monitoring tools of Varenne Capital..

The Compensation Policy and its proper enforcement are subject to a regular review by the periodic control department.

The Compensation Policy is reviewed annually and formally approved by Senior Management.

Varenne Capital Partners applies the principle of proportionality. It has no Compensation Committee but ensures that the principles of the Compensation Policy are complied with.

The general and special principles of the Compensation Policy are disclosed internally to all employees. The company shall also meet all its obligations regarding external disclosures.

[2] Varenne Valeur I-EUR, Varenne Selection I-EUR, Varenne Global I-EUR, Varenne Conviction I-EUR, Varenne Long Short I-EUR & dedicated funds; non-weighted average.