

# **POLEN CAPITAL INVESTMENT FUNDS PLC**

## **Remuneration Policy**

**3 March 2021**

Polen Capital Investment Funds plc (the “Company”) is an open-ended umbrella investment company with segregated liability between sub-funds. The Company has been authorised by the Central Bank as an Undertaking for Collective Investments in Transferable Securities (UCITS) pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the “UCITS Regulations”).

The Company is managed and its affairs supervised by its Board of Directors.

### **The Policy**

The Company has established a remuneration policy in accordance with the requirements of the UCITS Regulations which transpose Directive 2009/65/EC, as amended into Irish law (the “UCITS Directive”) to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

This remuneration policy has been adopted by the Directors, each being non-executive members of the Board of Directors in their supervisory function who have expertise in risk management and remuneration who will be responsible for:

- (i) reviewing the general principles of the remuneration policy on an annual basis; and
- (ii) ensuring that the implementation of the remuneration policy is subject to a central and independent review on an annual basis.

Any revisions to the remuneration policy will also require their approval.

It is the Company’s policy to maintain remuneration arrangements that:

- (i) are consistent with and promote sound and effective risk management;
- (ii) do not encourage risk-taking (including in respect of exposure to Sustainability Risk\*) that is inconsistent with the risk profile of the Company;
- (iii) do not impair compliance with the Company’s duty to act in the best interests of its shareholders; and
- (iv) are consistent with the principles outlined in the Appendix to this remuneration policy. The Company’s remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times.

\* ‘Sustainability Risk’ is defined under the Sustainable Finance Disclosure Regulations (EU) 2019/2088 as “an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment”.

### **Persons subject to the Policy**

The Company shall apply the provisions of this policy for its ‘Identified Staff’ being “those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the management companies or of the UCITS that they manage”.

The Company has determined that the following persons would fall within the definition of “Identified Staff”:

- Members of the Board of Directors;
- Designated Persons responsible for the monitoring of certain management functions of the Company.

In accordance with paragraph 16 of the Guidelines on Sound Remuneration Policies under the UCITS Directive ESMA 2016/575 (the “ESMA Guidelines”), the Company will ensure that:

- (a) the Identified Staff of any investment manager appointed by it to discharge investment management functions (including risk management) are subject to regulatory requirements on remuneration which are equally as effective as those applicable under the ESMA Guidelines; or
- (b) contractual arrangements are in place between the Company and the relevant investment manager in order to ensure that there is no circumvention of the remuneration rules set down in the ESMA Guidelines.

The Company shall maintain a separate record of the remuneration regime applicable to each of its delegate investment managers. Where the delegate investment manager is subject to remuneration rules which are considered equally as effective as those applicable under the ESMA Guidelines, this shall include the relevant regulatory regime under which the delegate investment manager is authorised. Where the Company has appointed a delegate investment manager which is not subject to regulatory requirements on remuneration which are equally as effective as those applicable under the ESMA Guidelines, the Company shall maintain a record of the overview provided by the delegate investment manager of its remuneration regime, including any justification as to why its remuneration regime does not circumvent the provisions of the ESMA Guidelines.

### **Remuneration of Identified Staff**

The directors of the Company will be paid a fee in accordance with the Company’s memorandum and articles of association and as outlined in the ‘Directors’ Fees’ section of the Prospectus. This is a fixed fee with no variable component. Stan Moss, Brian Goldberg and Brian Fennessy have waived their entitlement to receive directors’ fees.

Therefore, the remaining directors are paid a fixed fee only and do not receive performance-based remuneration, thereby avoiding a potential conflict of interest. The basic fee of a director of the Company is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the Company’s complexity, the extent of the responsibilities and the number of board meetings. No pension contributions are payable on directors’ fees.

KB Associates receives an annual fixed fee for providing the relevant ‘Designated Persons’ which fee is set at a level that is considered on par with the rest of the market for such services and does not include any variable or performance related element.

## **Proportionality Principle**

As noted above, the Company must comply with the UCITS Regulations remuneration principles as set out in Appendix I hereto in a way and to the extent that is appropriate to its size, its internal organisation and the nature scope and complexity of its activities. Accordingly, some UCITS can determine to meet the remuneration requirements through very sophisticated policies whereas others can do so in a simple and less burdensome way.

The Company does not pay any variable remuneration to any of its Identified Staff. Accordingly, the principles in respect of variable remuneration as outlined in the UCITS Regulations are not applicable.

The Board has also determined that the remuneration committee requirement does not apply to the Company on the basis of the size, internal operations, nature, scale and complexity of the Company. Remuneration matters will be dealt with by the Board with the relevant affected director absenting himself from such discussions.

The Company also complies with the remainder of the remuneration rules set down in the UCITS Regulations in a manner which it considers proportionate taking into account the proportionality criteria set down in the ESMA Guidelines, as detailed below:

### ***Size of the Fund***

- (i) Value of Assets under Management of the Company:

Approximately US\$ 3.6 billion (as of 31 December 2020)

- (ii) Risks Exposure of the Company:

Key risk factors include market risk, equity risk, currency risk (primarily with respect to the Polen Capital International Growth Fund and Polen Capital Global Emerging Markets Growth Fund), and geographical concentration risk. The Company is not leveraged.

- (iii) Number of Staff and Subsidiaries of the Company:

The Company has no staff other than the Board of Directors and the Designated Persons.  
The Company has no subsidiaries.

### ***Internal Organisation***

The Board of Directors of the Company views the Company as a non-complex UCITS based on the below criteria:

- (i) Legal Structure of the Company

The Company is a self-managed variable capital investment company. The amount of the paid-up share capital of the Company equals at all times to the net asset value of the

Company and the shares of the Company have no par value. The Company is also an umbrella fund with segregated liability between the Funds.

The Company is authorised as a UCITS scheme by the Central Bank under the UCITS Regulations.

The Company's sole objective pursuant to the UCITS Regulations and pursuant to its prospectus is the collective investment in either or both:

- transferable securities;
- other liquid financial assets referred to in Regulation 68 of the UCITS Regulations.

The Company is an open ended fund in that shareholders of each Fund may request the redemption of their shares at such frequency as set out in the fund supplement applicable to each Fund (which forms part of the prospectus of the Company) and which must be at least twice a month.

(ii) The Complexity of the Internal Governance Structure of the Company

The Board of Directors of the Company which is comprised of five directors, three of whom are Irish resident, is responsible for managing the Company and in particular for discharging the relevant managerial functions of the Company as required by the Central Bank and detailed in the Business Plan of the Company and for making all material decisions that affect the operation and conduct of the business of the Company.

The Board of Directors of the Company have designated specific individuals who are identified in the Business Plan of the Company ("Designated Persons") to monitor and control each of the individual managerial functions of the Company on a day-to-day basis. Such Designated Persons receive reports from the Company's delegates on a monthly basis and on an ad hoc basis when necessary for the purpose of monitoring and controlling the managerial function(s) for which he or she has been designated. The Designated Persons then report to the Board of Directors on a quarterly basis or more frequently when a matter needs to be escalated by the Designated Persons to the Board of Directors of the Company.

The Board of Directors of the Company is required to put in place procedures that are designed to inter alia ensure compliance by the Company with regulatory requirements and to ensure that risks relating to the Company are identified, monitored and managed. However taking into account the limited nature, scale and complexity of the Company, certain requirements of the Company have been implemented proportionate to the activity of the Company as documented in the Business Plan of the Company and in particular in relation to (i) risk management (ii) conflict of interest policy and (iii) resources.

(iii) Whether the Company itself is Listed on a Regulated Market

Although classes of at least of the Funds are admitted to the official list and trading on the main securities market of the Irish Stock Exchange (trading as Euronext Dublin), it is not expected that an active secondary market in those shares will develop.

### *Nature, scope and complexity of activities*

The nature, scope and complexity of activities can relate to the following:

- the type of authorised activity;
- the type of investment policies and strategies of the Company;
- the national or cross-border nature of the Company's activities.

(i) Type of Authorised Activity

The Company's sole objective pursuant to the UCITS Regulations is the collective investment in either or both:

- transferable securities;
- other liquid financial assets referred to in Regulation 68 of the UCITS Regulations.

The Company is a self-managed investment company authorised as a UCITS by the Central Bank pursuant to the UCITS Regulations.

Consequently the Company is subject to prescriptive regulatory requirements relating to issuer concentration limits (i.e. 5/10/40 rule, etc.) and requirements relating to the use of derivatives and EPM techniques such as global exposure, cover, collateral, counterparty exposure limits, etc.

(ii) Type of Investment Policies and Strategies of the Company

The Funds typically invest in a focused portfolio of high quality common stocks of large capitalization companies that have a sustainable competitive advantage. The Polen Capital Focus US Growth Fund and Polen Capital US Small Company Growth Fund primarily invests in companies based in the United States, while the Polen Capital International Growth Fund and the Polen Capital Global Emerging Markets Growth Fund invest in companies inside and outside the United States.

(iii) The National or Cross-border Nature of the Company's Activities

The Funds are registered for sale in various jurisdictions across Europe including Ireland, France, the United Kingdom, and Switzerland. The investor base of the Company is mainly institutional and high net worth clients although the Funds are also marketed to retail investors.

### **Disclosure**

The general principles of the Company's remuneration policy and the specific provisions for Identified Staff are disclosed internally and documented in this procedure.

In addition, the Prospectus, KIID(s) and annual report of the Company shall contain disclosure with respect to remuneration consistent with the UCITS Regulations.

## Appendix 1

### Remuneration Principles as outlined in 24(B)(1) of the UCITS Regulations

<p>1. When establishing and applying the remuneration policies referred to in Regulation 24A, management companies shall comply with the following principles in a manner and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:</p>
<p>(a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking that is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the management company manages;</p>
<p>(b) the remuneration policy is in line with the business strategy, objectives, values and interests of the management company and the UCITS that it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest;</p>
<p>(c) the remuneration policy is adopted by the management body of the management company in its supervisory function, and that body adopts, and reviews at least annually, the general principles of the remuneration policy and is responsible for, and oversees, their implementation; provided that the tasks referred to in this sub-paragraph shall be undertaken only by members of the board who do not perform any executive functions in the management company concerned and who have expertise in risk management and remuneration;</p>
<p>(d) the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function;</p>
<p>(e) staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;</p>
<p>(f) the remuneration of the senior officers in the risk management and compliance functions is overseen directly by the remuneration committee, where such a committee has been established under paragraph (4);</p>
<p>(g) where remuneration is performance-related, the total amount of remuneration is based on an assessment of the performance of the individual and of the business unit or UCITS concerned, the risks of the UCITS concerned, and of the overall results of the management company when assessing individual performance, taking into account financial and non-financial criteria;</p>
<p>(h) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the management company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and its investment risks and that the payment of performance-based components of remuneration is spread over that period;</p>



(i) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement of such staff;

(j) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;

(k) payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

(l) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

(m) subject to the legal structure of the UCITS and its fund rules or instruments of incorporation not less than 50 %, or where the management of UCITS accounts for less than 50 % of the total portfolio managed by the management company, a substantial portion, of any variable remuneration component consists of units of the UCITS concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with incentives that are as effective as any of the instruments referred to in this paragraph.

In respect of such variable remuneration component the management company shall establish and apply to the instruments a retention policy designed to align incentives with the interests of the management company and the UCITS that it manages and of the unitholders of the UCITS. The Bank place restrictions on the types and designs of the instruments or ban certain instruments as appropriate. This point shall apply to both the portion of the variable remuneration component deferred in line with point (n) and the portion of the variable remuneration component not deferred;

(n) a substantial portion, which shall be not less than 40 %, or in the case of a variable remuneration component of a particularly high amount, not less than 60 per cent of the variable remuneration component referred to in paragraph (m), is deferred and vests no faster than on a pro-rata basis over a period which is appropriate in view of the holding period recommended to the unit-holders of the UCITS concerned, is correctly aligned with the nature of the risks of the UCITS in question and is not less than 3 years.

(o) a variable remuneration component referred to in paragraph (m), including any portion thereof deferred in accordance with paragraph (n) is paid or vests only if it is sustainable according to the financial situation of the management company as a whole, and justified according to the performance of the business unit, of the UCITS and of the individual concerned, and shall be considerably contracted where subdued or negative financial performance of the management company or of the UCITS

concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

(p) the pension policy is in line with the business strategy, objectives, values and long-term interests of the management company and the UCITS that it manages and in particular -

If the employee leaves the management company before retirement, discretionary pension benefits in respect of the employee shall be held by the management company for a period of five years in the form of instruments referred to in point (m). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments referred to in point (m), subject to a five-year retention period;

(q) staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

(r) a variable remuneration component is not paid through vehicles or methods that facilitate the avoidance of the requirements laid down in these Regulations.

3. The principles set out in paragraph 1 shall apply to any benefit of any type paid by the management company, to any amount paid directly by the UCITS itself, including performance fees, and to any transfer of units or shares of the UCITS, made for the benefit of those categories of staff (including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers) whose professional activities have a material impact on their risk profile or the risk profile of the UCITS that they manage.

4. A Management companies that is significant in terms of its size or of the size of the UCITS that it manages, its internal organisation and the nature, scope and complexity of their activities shall establish a remuneration committee (in accordance, where appropriate, with guidelines issued by the European Securities and Markets Authority under paragraph (4) of Article 14a of the Directive), which shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the management company or the UCITS concerned and which are to be taken by the management body in its supervisory function, be chaired by a member of the management body who does not perform any executive functions in the management company concerned, be members of the management body who do not perform any executive functions in the management company concerned.

Where there is employee representation on the management body, include one or more employee representatives. When preparing its decisions, the remuneration committee shall take into account the long-term interest of the unitholders and other stakeholders and the public interest.