Remuneration policy

1. Preamble

The remuneration policy implemented by the DNCA Group (DNCA Finance and its two branches) takes into account the "common provisions on remuneration policies within management companies" drafted by the main professional associations representing asset management as well as the provisions arising from the UCITS V, AIFM, MiFID 2 Directives, ESMA's guidance on good remuneration policies under the Undertakings for Collective Investment in Transferable Securities Directive (ESMA /2016/411 and ESMA/2016/575) dated 31 March 2016 and 14 October 2016 respectively, as well as Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector.

The requirements for the integration of ESG criteria arising from Article 5 of the European SFDR Regulation (Regulation 2019/2088 of the European Parliament and of the Council on the publication of sustainability information in the financial services sector" (27 November 2019) and Article 29 of the Law N°2019-1147 of 8 November 2019 on energy and climate were also taken into account. The Policy defined and formalised by DNCA Finance's Executive Committee is approved by Natixis Investment Managers (hereinafter NIM) and by DNCA Finance's supervisory body. It is reviewed annually and submitted for a compliance opinion to DNCA Finance's Head of Compliance and Internal Control.

Its purpose is to promote sound and effective risk management and not to lead members of the Supervisory Committee, the Executive Committee or any other member of the DNCA Group staff to take excessive risks.

It is also defined in such a way as to avoid situations of conflict of interest and prevent risk-taking that is ill-considered or incompatible with the interests of clients.

This policy applies to all DNCA Group personnel and specifies the specific provisions that exist for identified personnel.

The remuneration policy is based on the assessment of skills and annual and multi-year quantitative and qualitative performance criteria. Its fundamental principles include aligning the interests of investors, employees and DNCA Group companies.

2. Scope of staff identified

The staff identified includes :

- Members of the Executive Committee
- Members of staff responsible for portfolio management
- Control function managers (risk, compliance and internal control)
- Managers of support or administrative activities
- Other risk-takers
- Employees whose total remuneration is in the same bracket as the Executive Board and risk-takers

A review of the scope of identified personnel is carried out annually.

3. Types of remuneration

The remuneration structure for DNCA Group employees is identical for all employees and breaks down into :

- fixed remuneration ;
- individual variable remuneration as specified below;
- collective variable remuneration (i.e. profit-sharing).

Collective variable remuneration is not covered by the AIFM and UCITS Directives, as it is part of a general, non-discretionary policy and does not encourage risk-taking. It is therefore excluded from the definition of remuneration.

An appropriate balance is struck between the fixed and variable components of total remuneration. The fixed component may represent a sufficiently high proportion of total remuneration so that a flexible policy can be exercised with regard to the variable components of remuneration, including the possibility of paying no variable component at all.

4. Determining variable pay

Individual variable remuneration depends on the job and the level of responsibility. It is awarded on a discretionary basis according to individual performance.

It is made up as follows:

- A cash component
- A cash component indexed to a representative basket of FIAs and UCITS set up by DNCA Finance for identified staff.

The DNCA Group does not pay variable compensation using instruments or methods that would facilitate circumvention of the legislative and regulatory provisions applicable to it.

Variable remuneration is awarded on the basis of the contribution to individual performance assessed by the Executive Committee of DNCA Finance in accordance with the principles set out below.

- Variable remuneration packages are defined on the basis of the DNCA Group's annual results, but also on the basis of qualitative factors, such as the practices of competing companies, the general market conditions in which the results were obtained and factors that may have temporarily influenced the business line's performance.
- The remuneration policy figures, including the population identified and the highest remunerations, are approved successively, in detail, by the members of the DNCA Finance Supervisory Committee, then by an Intermediate Committee bringing together the DNCA Finance Supervisory Committee and NATIXIS IM General Management. NATIXIS IM then submits the above information, in a more summarised form, to NATIXIS General Management for approval, which ultimately reports to the NATIXIS Remuneration Committee.

Criteria for determining discretionary Variable Remuneration for identified staff

Performance is assessed on the basis of quantitative and qualitative criteria specific to the main business lines of the staff identified (Management, Trading Desk, Sales and Investment Advisory staff, Compliance and Control functions, etc.).

Internal / Risk). Depending on the function, it incorporates a time scale and takes into account compliance with risk limits and customer interests.
The variable remuneration package is determined on the basis of quantitative and qualitative criteria.

Specific criteria incorporating sustainability risks, i.e. social, environmental and governance issues, have been defined for :

- DNCA General Management

- Management Department
- the SRI team (managers and analysts)
- as well as the heads of management teams.

For each function, qualitative and quantitative criteria are defined, for example:

- Qualitative criteria: Monitoring and implementation of the Responsible Investor policy. Monitoring and implementation of sustainability risk management rules. Monitoring compliance with the exclusion policy (divestment). Monitoring of the application of the rules of voting and engagement by the managers....etc.

- Quantitative criteria : Application of the voting policy: 100% of companies held must be voted on at the AGM. Compliance with the minimum ABA rating depending on the strategy. For SRI-labelled funds only: compliance with the two KPIs > benchmark index. For ART9 funds: min 80% Sustainable investments, etc.

In order to avoid any conflict of interest or compromise their objectivity, the assessment of compliance and internal control managers and risk control managers is carried out on the basis of objectives and results specific to these functions, independently of those of the business lines whose operations they validate and control.

5. Variable pay arrangements for identified staff

- The proportion of variable compensation that is deferred over 3 years increases with the amount of variable compensation awarded and can reach 60% for the highest compensation packages in the DNCA Group. The deferral is currently applied as follows:

- Up to €199k in variable pay: no deferral
- Between €200K and €499K in variable pay: 50% deferred from €1
- From €500k in variable pay: 60% deferral to the 1st euro

The thresholds for triggering deferred variable remuneration are subject to change in line with regulations or changes in internal policies.
A minimum of 50% of variable remuneration is also paid in financial instruments in the form of cash indexed to the performance of a basket of products managed by DNCA Finance.

- The Basket of Funds is determined in such a way as to seek to align the interests of employees as satisfactorily as possible with those of investors without, however, having a concentration of target funds. It is made up of UCI representing DNCA Finance's main management strategies.

This Basket of Funds may be adapted in line with developments in DNCA Finance's product range and management expertise. The composition and weighting of the Basket of Funds are reviewed annually to ensure that they are representative.

- Vesting of variable compensation is subject to the financial performance of the management company and the absence of non-standard behaviour that could have an impact on the risk level of the DNCA Group and/or the products managed.

This acquisition is also subject to risk and compliance obligations. Failure to comply with these obligations may result in a partial or total reduction in the acquisition. Lastly, it may be returned in whole or in part, to ensure that risks are adjusted after the fact.

In the event that a partial or total individual reduction in variable remuneration is envisaged, the

matter will be submitted to an ad hoc committee comprising the members of the DNCA Finance Executive Committee, the heads of the HR Department, the Finance Department and the Compliance and Internal Control Department, as well as any other business line manager whose participation is relevant. This ad hoc committee will be responsible for taking the decision on the proposed partial or total reduction.
This ad hoc committee reserves the right to seek the opinion of NATIXIS IM (HR and/or Compliance departments).

Accordingly, unless otherwise provided by applicable local laws and regulations, the DNCA Group reserves the right to cancel and/or reduce variable compensation payments in the event of DNCA Finance's negative financial performance over a variable compensation vesting period and, in particular, in the event that DNCA Finance's Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), established at the end of said vesting period, is zero or negative.
Such a decision would be the responsibility of DNCA Finance's Executive Committee and would have to be validated by the Supervisory Board, in consultation with NIM.

Unless otherwise provided for by applicable local laws and regulations, the DNCA Group also reserves the right to cancel and/or reduce variable remuneration payments in the event of the materialisation of a major sustainability risk (i.e. the occurrence of an environmental, social or governance event or situation that would have a significant and lasting negative impact on the value of the funds/products under management) in relation to the objectives set for staff.

In addition, unless otherwise provided for by applicable local laws and regulations, in the event that the employee's behaviour justifies dismissal for misconduct or removal for just cause, in particular because of his/her responsibility for actions resulting in significant losses for the company or in the event of failure to comply with the obligations of good repute and competence (or for an employee who is no longer an employee or corporate officer of the DNCA Group, a Natixis company or Groupe BPCE in France or abroad, whose behaviour would have justified dismissal for misconduct or removal for just cause under the same conditions as above, if this behaviour had been discovered while he/she was still an employee or corporate officer of the DNCA Group, a Natixis company or the BPCE Group in France or abroad), the DNCA Group reserves the right to request reimbursement of payments made in respect of variable remuneration to the employee, for a period of 5 years following the date of payment.
In addition, in the event of departure following dismissal for misconduct or removal for just cause, variable remuneration not yet earned may not be paid in full or in part.

- In the event of the departure of an employee from the DNCA Group's identified population, all the financial performance conditions of the management company, the initial payment schedule and the terms of indexation to the Basket of Funds remain unchanged.

6. Ban on hedging strategies and guaranteed variable pay

Employees undertake not to use personal hedging or insurance strategies linked to remuneration or liability in order to counteract the impact of the risk alignment incorporated in remuneration agreements.

Variable salary guarantees are prohibited, except in the case of recruitment. In this case, the guarantee is strictly limited to one year.

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