

A large, ornate fountain with multiple tiers and statues, set against a blue sky with light clouds. The fountain is the central background element of the cover page.

REMUNERATION POLICY

OF COVÉA FINANCE

Updated:
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Introduction

This remuneration policy (hereinafter referred to as the "**Policy**") is intended to govern the application of the principles governing the remuneration of all Covéa Finance SAS staff members (hereinafter referred to as "**Covéa Finance**" or the "**Management Company**").

This policy replaces the Variable Remuneration Regulations of 12 November 2004, as amended on 20 June 2008, 7 September 2011 and 20 June 2013 supplemented by the Variable Remuneration Policy of 29 September 2015, known as the AIFM. As such, no employee may lay claim to individual contractual agreements for variable remuneration elements in addition to those set out in this policy.

Covéa Finance is a portfolio management company authorised by the Autorité des Marchés Financiers (hereinafter referred to as the "**AMF**") to manage and market undertakings for collective investment in transferable securities (hereinafter referred to as "**UCITS**") and alternative investment funds (hereinafter referred to as "**AIF**"), and mainly to manage institutional management mandates.

Covéa Finance is a subsidiary of Covéa Coopérations, a Covéa group company.

In accordance with 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**"), and the provisions of Directive 2014/91/EU of 23 July 2014 on UCITS managers (hereinafter referred to as the "**UCITS V Directive**"), Covéa Finance undertakes to establish, implement and maintain remuneration policies, procedures and practices to promote sound and effective management of risks, including **sustainability** risks, which is one of the cornerstones of the Management Company's strategy.

In this context, the Policy was gradually developed based on the following documents:

- AIFM and UCITS V Directives;
- EU Regulation 2019/2088, known as the "Disclosure Regulation" (or "SFDR");
- the guidelines of the European Securities and Markets Authority on remuneration policies applicable to AIF managers dated 3 July 2013;
- the general regulations of the AMF;
- AMF position no. 2013-11 on remuneration policies applicable to AIF managers dated 14 August 2013;
- the guide on the remuneration of AIF managers published by the AMF on 2 August 2013;
- the UCITS V guide published by the AMF on 3 August 2016;

- the common provisions on remuneration policies within management companies published on 23 November 2010 by AFG, AFIC and ASPIM approved by the AMF as professional regulations;
- the professional guide "Sustainable Finance – Regulations applicable to asset management companies" published by AFG in December 2020.

I. Definitions

"Management Board": means the Management Board of Covéa Finance, as defined in its articles of association.

"Remuneration Commission": means Covéa Finance's remuneration commission, as defined in its articles of association.

"Supervisory Board": means the supervisory board of Covéa Finance, as defined in its articles of association.

"Identified Staff": means Covéa Finance's staff members, including members of the Management Board, risk-takers and persons performing a control function, as well as any employee who, in view of their overall remuneration, is in the same remuneration bracket as senior management and risk-takers, and whose professional activities have a material impact on the risk profile of the Management Company or the risk profiles of the AIFs and/or UCITS they manage. These staff members are exhaustively listed in Appendix I of the Policy.

"Regulations": means the Remuneration Commission Regulations that describe, among other things, its composition and operating procedures.

II. Remuneration governance

2.1. General provisions

The Policy is subject to Covéa Finance's general organisational and operational requirements and the nature, scope and complexity of its activities.

The Policy actively contributes to attracting new talent, retaining and motivating Covéa Finance employees, as well as the long-term performance of the Management Company.

The Policy is consistent with the management method based on collective responsibility between the mandate and UCI teams developed by Covéa Finance and the cross-functional nature of the projects. It promotes sound and effective risk management and does not encourage individual or collective risk-taking that would be incompatible with

the risk profiles, regulations and instruments of incorporation of AIFs or UCITS managed by the Management Company.

2.2. Role of the Management Board in terms of remuneration

The Policy is defined and managed by the Management Board, in carrying out its role as a governing body, on the advice of the Remuneration Commission. The Policy shall be reviewed at least annually by the Management Board.

The Management Board is also responsible for implementing the Policy. It shall be subject, at least once a year, to an internal evaluation carried out for the Remuneration Commission.

2.3. Role of the Remuneration Commission

The Remuneration Commission has been established by Covéa Finance to demonstrate competence and independence in its assessment of the Policy, remuneration practices and incentives created for risk management, including sustainability risk.

In accordance with Covéa Finance's articles of association, the composition of the Commission is defined by the Supervisory Board and is made up of members who do not perform executive functions within Covéa Finance.

In this context, the Remuneration Commission aims to determine all the issues set out in the Regulations and to report to the Supervisory Board, in particular on the following matters:

- the review of the remuneration elements relating to the Chairman of the SAS and the members of the Management Board;
- a review of the remuneration policies of all employees of the Management Company, in particular with regard to employees identified as "risk-takers or similar";
- updating the Identified Staff list;
- monitoring how the features specific to Identified Staff are taken into account in the methods for determining/paying/recovering their variable remuneration and, as such, how any proportionality rules might be applied when justified;
- the contribution to setting out the principles for determining the variable remuneration envelopes for the past financial year, their quantum and the payment terms thereof, notably by taking into account the impact of the financial, operational, compliance and sustainability risks inherent to the activities concerned on the portfolios managed and/or on the Management Company;

- the proposal to apply any deductions to be made on previously decided variable remuneration (or any other mechanism affecting the spread of payments over time downwards or upwards), in accordance with the provisions of the Policy;
- the analysis and monitoring of issues related to remuneration, independence and potential conflicts of interest relating to the members of the Management Board; and
- conducting an internal assessment at least once a year on the implementation of the Policy.

The details of the terms of operation of the Remuneration Commission are specified in its Regulations.

2.4. Role of risk control and monitoring functions

In accordance with the regulatory provisions applicable to management companies, in particular AIF and UCITS managers, the risk control and monitoring functions participate in the process of reviewing and determining variable remuneration within the Management Company, and more specifically that of Identified Staff.

In concrete terms, the risk control and monitoring functions notably contribute to the following according to their respective delegation scopes:

- to the Identified Staff selection process, both with regard to the activities concerned and, within them, the determination of the individual positions concerned;
- to the process of reflection on the methods used to determine and calculate variable remuneration criteria, taking into account the different risks defined in our various published policies;
- to the assessment of the risk management and operational compliance of the teams/employees concerned, in particular with regard to risk-takers; and
- to the development of deferred variable remuneration schemes, as well as the determination of possible criteria for penalties.

The risk control and monitoring functions transmit their proposals and the result of their calculations to the Management Board, which then sends them to the Remuneration Commission, which ensures that opinions related to risk control and compliance are taken into account.

III. Principles relating to the determination and payment of remuneration

A number of remuneration principles apply to **all** Covéa Finance **personnel (3.1.)**. However, certain principles apply only to **Identified Staff (3.2.)**.

3.1. Principles applicable to all Covéa Finance personnel

The Policy is determined in such a way as to avoid conflict of interest situations and to prevent, by the terms and conditions put in place in this respect, the taking of ill-judged risks or risks incompatible with the interests of the Management Company's clients.

In this context, a number of common principles are applicable to all Covéa Finance personnel.

3.1.1. Scope of the concept of remuneration

For the purposes of this Policy, the remuneration applicable to all Covéa Finance staff members consists of at least the following:

- a fixed portion that remunerates the employee's ability to carry out his/her duties in a satisfactory manner; and
- a share possibly including mandatory and/or discretionary profit-sharing, by definition variable, allowing sharing of the added value created within the company.

For certain members of Covéa Finance's personnel, these remuneration shares may be supplemented with a variable share which aims to recognise the individual performance of the employee concerned, his/her contributions and behaviour, the performance of the business unit to which he/she belongs and the results of the Management Company as a whole.

In this latter case, an appropriate balance is established between the fixed and variable shares of the employee's total remuneration. In all cases, the fixed remuneration represents a sufficiently high share of the total remuneration to enable a flexible variable remuneration policy to be applied, in particular the possibility of no variable portion being paid.

3.1.2. Principles applicable to the fixed share of remuneration

The fixed share of an employee's total remuneration takes into account their position and scope of responsibility.

It is also intended to reflect:

- the employee's level of experience;
- the employee's degree of expertise;
- the employee's commitment;
- the employee's own knowledge; and
- the Management Company's efforts to attract or retain the employee concerned depending on the nature of his/her position, the context of the Management Company or the labour market in our sectors.

It also reflects, where applicable, the minimum wage level as provided for in Covéa Finance's collective bargaining agreement.

The fixed share of an employee's total remuneration is set at the time of recruitment. It is reviewed periodically as part of the processes described in Article 3.1.5 of the Policy.

The fixed remuneration may, where applicable, include traditional benefits in kind within the framework of providing the employee with resources and tools for professional and personal use.

3.1.3. Principles applicable to the share including mandatory and discretionary profit-sharing

Mandatory profit-sharing, as defined in our agreements, is based on the results of the Management Company with an "egalitarian" distribution half based on the employee's actual length of service and half based on the share of his/her overall annual remuneration.

Discretionary profit-sharing, as defined in our agreements, is based on a calculation mechanism based on the definition of the Management Company's overall performance level assessed through several provisions (control of overheads, an indicator of the quality of undertaking for collective investment management, an indicator of the quality of the Mandate management).

3.1.4. Principles applicable to the variable share of remuneration

Regardless of the concept of risk taker, certain employees of Covéa Finance may be allocated a variable share of remuneration indexed partly to the performance of undertakings for collective investment and managed mandates.

These are mainly employees in the following management positions:

- manager and multi-manager;
- experienced management assistant;
- trader;
- sales;
- researcher (quantitative, macroeconomic, financial and extra-financial);
- and their managers.

Personnel involved in control functions (internal control, audit, risk control and compliance) benefit from a variable share of remuneration, depending on the achievement of the objectives related to their functions, regardless of the financial performance of the operating sectors he/she controls. Thus, the objectives of members of personnel involved in control functions are based on risk control criteria and do not include a component based on performance criteria of the Management Company as a whole. The quantitative criteria are set out in Appendix 6 and 6 bis of the Policy.

Other employees in charge of other functions and their managers other than those identified as "risk-takers or similar" may receive ad hoc variable remuneration proportional to their level of responsibility in order to reward their individual and collective involvement, their contributions to objectives, and their management of the constraints imposed by the work environment. This variable remains an objectifiable discretionary amount in the context of a defined budget.

3.1.4.1. Prerequisites for the allocation of the variable share of remuneration

The allocation of any variable remuneration is subject to compliance with the following cumulative conditions:

- the employee must have at least six (6) months of seniority in the company as at 31 December of the calendar year in respect of which the individual variable portion is acquired or in the position eligible for variable remuneration;
- the employee must still be registered as part of the Management Company's workforce on 30 March of the following calendar year and must not have resigned or be subject to a sanction or had his/her contract suspended on the date of its payment.

3.1.4.2. Determination of the amount of the variable remuneration payable to the management, trading, marketing, research and control teams

3.1.4.2.1. General principles

The variable portion attributable to the employee is determined based on both quantitative and qualitative criteria.

The amount of the variable share allocated under the quantitative criteria will vary between 0 and 3 months of the amount of the employee's gross reference salary.

The amount of the variable share allocated under the qualitative criteria will vary between 0 and 3 months of the amount of the employee's gross reference salary.

The total amount of the variable share that can be allocated to an employee may therefore represent up to a maximum of 6 months of the employee's gross reference salary.

As an exception to this principle, the variable portion amounts awarded to the Chairwoman of Covéa Finance, the Executives of Covéa Finance, the Managing Directors, the managers defined within the meaning of the French Monetary Code and the heads of the management and/or trading and/or marketing and/or research divisions and teams identified as

"Risk-takers" may vary between 0 and 12 months of the amount of the employee's gross salary, including additional criteria in accordance with the Remuneration Commission's Regulations on which they depend.

To determine the maximum amounts of variable remuneration applicable to the employees concerned, the salary to be considered shall be the reference salary as defined in Appendix 2.

Furthermore, if the employee's absences over the year are more than five working days, a pro rata calculation will be made on the amount of the variable share allocated according to the employee's actual-length-of-service coefficient during the calendar year. Absences include sick leave, regardless of the cause, workplace or work travel accident, legal or contractual maternity leave, paternity leave, and any unpaid days of leave.

Similarly, the pro rata to be applied will be identical in the context of an arrival during the year.

The actual length-of-service coefficient will be determined by the ratio of: (number of days of service under contract - number of days of absence from the first day) / number of days that the employee should have worked under contract during the calendar year (including days of paid leave and days of leave as part of the reduction of working time - RTT). Time spent carrying out the staff representation mandate and training hours are therefore considered as actual service.

3.1.4.2.2. Quantitative performance assessment criteria

Quantitative performance assessment criteria depend on the position held by the employee.

i. Management teams

For employees belonging to the management teams, the quantitative calculation is based on a basket of portfolios representative of the collegial management defined in Appendix 3 and a basket of portfolios representative of its management division defined in Appendix 4.

These baskets of portfolios can be revised annually after informing the staff representatives.

The positive performance or wealth creation for the benefit of the basket of common portfolios customer is the prerequisite for triggering the allocation of a variable remuneration share.

The performance of the portfolio(s) comprising the baskets and the benchmark index of the said portfolio(s) shall be assessed annually as at 31 December and the performance difference between the portfolio and the index shall be calculated based on these performances. The sum of the differences resulting from this calculation, together with the corresponding weightings, shall constitute the performance for the year.

If the performance for the year thus calculated is positive, the quantitative share of the variable remuneration is then calculated by multiplying this result by the reference salary as defined in Appendix 2, representative of the position held and the experience gained in the position.

ii. Trading and research teams

For employees on the dedicated trading teams or the research and analysis teams, the quantitative calculation is based on a basket of portfolios representative of the collective responsibility method of management defined in Appendix 3 and a set of criteria that quantitatively measure the performance of their activities as defined in Appendices 7 and 8.

These criteria can be revised annually after informing the staff representatives.

The positive performance or wealth creation for the basket of common portfolios customer is the prerequisite for triggering the allocation of a variable remuneration share.

iii. Sales teams

For employees belonging to the sales teams, the quantitative calculation is based on the employee's ability to collect and retain clients according to criteria detailed in Appendix 5 and in the following areas:

- prospection rate according to a target defined in advance by the Management Board;
- positive and cost-effective net collection rate over the range of funds predefined by the Management Board at the beginning of the year.

The sum of the rates is multiplied by the reference salary as defined in Appendix 2, representing the position held and the experience gained in the position.

3.1.4.2.3. Qualitative performance assessment criteria

The qualitative criteria for management, trading, control, research and sales teams are assessed by the manager during the objective follow-up interviews throughout the year and this evaluation is the subject of a standardised annual summary according to a grid allowing individual qualitative overperformance to be applied according to the areas of criteria defined below.

Each criterion is considered taking three factors into account:

- compliance with regulatory restrictions, including those relating to sustainability risk
- the duties provided for in the job description, and
- individual contributions to the targets of the year.

The sets of criteria selected, in accordance with the founding principles of Covéa Finance, are:

- Control of the professional environment, including operational, regulatory, market and sustainability risks
- Involvement in the work
- The ability to report and communicate
- The degree of synergy and collegiality
- The individual contribution to the achievement of financial and extra-financial performance

The result obtained is used to determine the employee's qualitative outperformance rate, and to be able to offer a qualitative variable percentage, up to a maximum of 3 months for the management, research and control teams.

The same analysis grid is offered to all managers and Directors to help them justify any request for a discretionary bonus for their employees that are not part of the "risk-takers or similar" and for the other division managers.

3.1.4.3. Procedures for payment of the variable remuneration

Any variable share of remuneration allocated to the employee will be communicated after the certification of the accounts, at the earliest in March of the following financial year and at the latest before 30 June.

Upon payment of the variable share of remuneration, the employee may request to pay all or part of it into his/her time savings account (CET).

In the event of payment of the variable share of remuneration, it shall have the character of salary and shall therefore be subject to all contributions, social security contributions, taxes and subject to income tax.

An employee's variable share of remuneration is not paid through instruments or methods that facilitate circumvention of the requirements of the AIFM Directive or UCITS V Directive.

No variable remuneration is paid by AIFs or UCITS managed by Covéa Finance.

The variable remuneration is only paid or acquired if the related amount is compatible with Covéa Finance's financial situation as a whole and is not likely to generate financial losses.

The total amount of the variable remuneration will be considerably reduced or even zero if the Management Company produces an income statement that is too low or the relevant undertakings for collective investment and mandates generate negative financial results, taking into account both current remuneration and reductions in payments of amounts previously acquired, including by penalty arrangements (*see details in Appendix 2*).

3.1.5. Remuneration review procedures

The following principles apply to remuneration review:

- the remuneration of any employee of Covéa Finance is subject to an annual review, particularly due to the general increase that may be awarded for the financial year. This annual review notably takes into account the employee's performance over the past year, his/her individual achievements or the increase in his/her level of expertise and competence;
- the fixed share of remuneration of any Covéa Finance employee may be increased, mainly in the following cases: (i) the employee sees the scope of his/her position extended; (ii) the employee's achievements exceed the contractual expectations of the position he/she holds involving a change in the reference framework; and
- the fixed share of the remuneration of any employee of Covéa Finance may be reviewed in case of mobility during the year. The fixed share of the remuneration will then be reviewed at the time of this mobility if the new responsibilities of the employee so warrant. It should be noted that, depending on the date on which mobility takes place, this review of the fixed share of remuneration may be considered an annual review.

3.2. Principles applicable to Identified Staff recognised as "Risk-Takers"

All of the Management Company's employees fall within the scope of the remuneration process described in Article 3.1 of the Policy, thus including Identified Staff.

This reminder being made, it is specified however that, in accordance with the provisions of the AIFM Directive and UCITS V Directive, the Management Company, as AIF manager and UCITS manager, has put in place a system specific to the variable remuneration share of Identified Staff members, a list of which is set out in Appendix 1 of the Policy.

Among other things, it includes the directors, the heads of the management, trading, research, marketing and control divisions, as well as all those in charge of support functions with a level of supervision and responsibility similar to those of a risk-taker.

This group receives variable remuneration based on the same quantitative and qualitative criteria as the teams for which they are responsible, supplemented by quantitative criteria relating to the control of budget items of the company and qualitative criteria relating to managerial factors and sustainability factors within the company (environmental and staff issues, respect for human rights and the combating of corruption), as specified in the Regulations.

The quantitative criteria for managers of the support functions who are deemed risk-takers are specified in Appendix 9.

All the criteria relating to "Risk-takers" or similar may be reviewed annually by the Remuneration Commission.

3.2.1. Procedures for the payment of variable remuneration to Identified Staff

For Identified Staff members, the arrangements applicable to their variable remuneration share are as follows:

- 58% is paid in year N+1 broken down as: 50% in cash at the earliest in March of year N+1 and 8% in "indexed cash" six months later (in October of year N+1);
- at least 42% of the variable remuneration share is paid on a deferred basis, paid in "indexed cash" on the basket of portfolios specified in Appendix 3;

- the deferral of payment of the variable remuneration share is set at three years, beyond the first year of payment, payable by equally weighted thirds of 14%, each third being revalued upwards or downwards in line with the performance of the basket of portfolios over the previous calendar year.
- the deferred portion of the variable remuneration share is only definitively acquired by the employee on the date of its actual payment and cannot be received by the employee before the said payment is made; and
- a specific system based on criteria specific to the position is applied for Identified Staff members in charge of risk management and compliance functions.

It is however specified that the mechanism as described in this article will not apply if the overall amount of this variable remuneration for the employee in question is below a minimum threshold fixed annually by the Remuneration Commission, and set at 200,000 euros (two hundred thousand euros).

Any employee identified as a "risk-taker" whose variable remuneration level is below this threshold is not affected by this mechanism, benefiting from a principle of proportionality in the application of the AIFM and UCITS V Directives.

3.2.2. Penalty and repayment mechanism

The acquisition or payment of the deferred share of the variable remuneration in whatever form is subject to compliance with conditions which are dependent on criteria related to Covéa Finance's results, the activity of the business unit and, where applicable, individual criteria and a condition of presence in the company.

These conditions are set annually by the Remuneration Commission and explicitly specified to the employees considered when the remuneration is awarded.

In particular, the following situations may justify the application of a penalty:

- a significant decrease in the individual performance level of the employee;
- a significant decrease in Covéa Finance's financial performance;
- a significant increase in the risk level borne by Covéa Finance and/or the undertakings for collective investment and mandates managed by its teams;
- a deterioration in the situation of Covéa Finance in terms of capital/equity; or
- evidence of misconduct by the employee, including failure to manage sustainability factors (social, anti-corruption, respect for human rights, environment, biodiversity, etc.) or abnormal errors in the running of operations/fulfilment of tasks for the financial year in question.

The use of individual remuneration or liability hedging or insurance strategies which would limit the scope of the risk alignment provisions contained in this remuneration arrangement, and which would notably hinder the principle of application of the penalty provisions, is strictly prohibited.

In certain circumstances determined by the Remuneration Commission and in accordance with applicable legislation and regulations, a contractual agreement may be entered into between an employee and Covéa Finance whereby the former agrees to restore to the latter ownership of a remuneration amount. If this occurs as a result of risks, it is a form of ex post risk adjustment.

In any event, in order to safeguard the financial equilibrium of the management company, the deferred share of the variable remuneration shall be provisioned in the accounts of the Management Company and, in order to align the parties' interests, its value shall be indexed to the gross performance of the basket of portfolios consisting of Mandates, UCITS and AIFs, as defined in Appendix 3.

IV. Effective date of the policy

Concerning the variable remuneration awarded for the 2022 financial year and payable in 2023, the Policy and related amendments defined by the Management Board will come into force after approval by the Remuneration Commission and after the staff representatives are informed.

It is specified that, with regard to the specific arrangements applicable within the Management Company in its capacity as AIF manager, it has been in force since the variable remuneration due for the 2016 financial year and paid in 2017, in accordance with the Remuneration Policy of 29 September 2015.

In the Management Company's capacity as UCITS manager, the extension of the scope of Identified Staff provided for in this Policy came into force in respect of the variable remuneration due for the 2019 financial year and paid in 2020.

V. Changes to the policy

The Remuneration Commission shall review and decide annually on the various elements of the Policy.

It submits all of its work to the Management Board, which decides the Policy and its application for the financial year.

VI. Undertaking to comply with the policy

Covéa Finance ensures that its employees make an undertaking not to use personal hedging strategies or insurance in relation to their remuneration or liability to counter the impact of the alignment with risk incorporated into the remuneration agreements.

Covéa Finance will not pay a variable remuneration share to relevant employees through instruments or methods that allow the requirements of the AIFM Directive and the UCITS Directive to be bypassed.

The Covéa Finance Management Board ensures compliance with this principle.

VII. Publication of the policy

7.1. Internal publication

The Policy and its appendices will be posted on the Company Intranet, communicated to Covéa Finance personnel representative bodies and issued to any new employee with their employment contract.

The Policy will also be available to the company's human resources departments.

7.2. External publication

The main principles of the Policy will be freely accessible on the Covéa Finance website. Each year, Covéa Finance reports on this policy in its annual reports and in those of its undertakings for collective investment, which are available to the public on simple request to the company or on its website.