

Remuneration policy

Covéa Finance

Preamble

This remuneration policy (hereinafter referred to as the “**Policy**”) intends to govern the application of the principles relating to the remuneration of all members of the personnel of Covéa Finance SAS (hereinafter referred to as “**Covéa Finance**” or the “**Management Company**”).

This policy replaces the Variable Remuneration Regulation of 12 November 2004, amended on 20 June 2008, 7 September 2011 and 20 June 2013 completed by the Variable Remuneration Policy of 29 September 2015 (called “AIFM”). To this end, no salaried employee may claim individual contracting of elements of variable remuneration in addition to those provided in this policy.

Covéa Finance SAS is a portfolio management company approved by the Autorité des marchés financiers (hereinafter referred to as the “**AMF**” - French Financial Markets Authority) 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 primarily to manage institutional management mandates.

The shareholders of Covéa Finance are, in particular, Covéa Coopérations, MMA IARD SA, GMF Assurances, MMA Vie SA and GMF Vie.

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 (the “AIFM Directive”), and with the provisions of Directive 2014/91/EU of 23 July 2014 on undertakings for collective investment in transferable securities (hereinafter referred to as the “UCITS V Directive”), Covéa Finance undertakes to draw up, implement and maintain remuneration policies, procedures and practices allowing for the promotion of healthy and effective risk management, which is one of the pillars of the strategy of the Management Company.

In this context, the Policy has particularly been progressively drawn up based on the following documents:

- the AIFM and UCITS V Directives;
- the guidelines of the European Financial Markets Authority on remuneration policies applicable to AIF managers dated 3 July 2013;
- the General Regulation of the AMF;
- the AMF position no. 2013-11 on remuneration policies applicable to AIF managers dated 14 August 2013;

- the guide to remuneration of AIF managers published by the AMF on 2 August 2013;
- the guide to UCITS V published by the AMF on 3 August 2016
- the common provisions on remuneration policies in management companies published on 23 November 2010 by the AFG, the AFIC and the ASPIM approved by the AMF as professional rules.

1. DEFINITIONS

“Management Committee”: means the management committee of Covéa Finance, as defined in its Articles of Association.

“Remuneration Committee”: means the remuneration committee of Covéa Finance as defined in its Articles of Association

“Supervisory Committee”: means the supervisory committee of Covéa Finance, as defined in its Articles of Association.

“Identified Personnel”: means the members of the personnel of Covéa Finance, including the members of the Management Committee, the risk-takers and the persons performing a function of control, in addition to any employee who, in view of his or her total remuneration is in the same remuneration bracket as the General Management and the risk-takers, and whose professional activities have a substantial impact on the risk profile of the Management Company or the risk profiles of the AIF and/or UCITS they manage.

“Rules of Procedure”: means the Rules of Procedure of the Remuneration Committee which describe, in particular, its composition and its operating methods.

2. GOVERNANCE OF REMUNERATIONS

2.1. General provisions

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

The Policy actively contributes to attracting new talents, to making employees of Covéa Finance loyal and motivated, and to the performance of the Management Company in the long term.

The Policy is consistent with the collegiality-based management method developed by Covéa Finance. It promotes healthy and effective risk management and does not encourage individual or collective risk-taking which would be incompatible with the risk profiles, the rules and the constitutive documents of the AIF or UCITS managed by the Management Company.

2.2. Role of the Management Committee

2.2.1. Composition of the committee

The Management Committee is composed of the Chairman of Covéa Finance and of Directors who the Chairman of Covéa Finance may appoint after consultation with the Supervisory Committee.

2.2.2. Role of the committee in terms of remuneration

The Policy is defined and adopted by the Management Committee, in the exercise of its function of management body, on the opinion of the Remuneration Committee. The Policy is re-examined at least annually by the Management Committee.

The Management Committee is also responsible for the implementation of the Policy. At least once a year, the implementation of the Policy undergoes an internal, central and independent evaluation carried out by the Remuneration Committee.

2.3. Role of the Remuneration Committee

2.3.1. Composition of the Committee

In accordance with the Articles of Association of Covéa Finance, the Remuneration Committee is composed of members of the Supervisory Committee who do not perform executive functions and of members of whom at least the majority is independent of Covéa Finance.

The composition of the Remuneration Committee is specified in the Rules of Procedure and complies with the principles mentioned by the AIFM Directive and the UCITS V Directive.

2.3.2. Role of the Committee in terms of remuneration

The Remuneration Committee has been set up by Covéa Finance so that it can demonstrate competence and independence in its assessment of the Policy, of the remuneration practices and of the incentives created for risk management.

In this context, the Remuneration Committee is required to know all of the issues set out in the Rules of Procedure and, in particular, the following issues:

- the review of elements of remuneration relating to members of the Management Committee;
- the review of the policies followed in terms of remuneration of all of the employees of the Management Company, particularly concerning employees identified as "risk-takers";
- the drawing up and updating of the list of Identified Personnel;
- the monitoring of the taking into account of specificities of the Identified Personnel in the means of determination/payment/potential reversal of their variable remuneration and, to this end, of the potential application of rules of proportionality when this is justified;
- the contribution to the fixing of principles of determination of variable remuneration packages for the past financial year, their quantum and their payment methods,

taking account in particular of the impact of the risks inherent to the operations concerned on the managed portfolios and/or on the Management Company;

- the proposed application of potential hold-backs to be made on variable remunerations previously decided on (or any other mechanism reducing or increasing the staggering of payments over time), in application of the provisions of the Policy;
- the analysis and the monitoring of problems of remuneration, independence and potential conflicts of interests relating to members of the Management Committee; and
- the conducting of an internal, central and independent evaluation at least once a year of the implementation of the Policy.

Details of the operating methods of the Remuneration Committee are provided in its Rules of Procedure.

2.4. Role of the risk management and monitoring functions

2.4.1. Composition of the risk management and monitoring functions

The heads of the risk management and monitoring functions are currently the following people:

- the director of administrative management and risk management; and
- the director of the general secretariat department and head of internal audit and compliance (periodic)

2.4.2. Role of the risk management and monitoring functions

In accordance with the regulatory provisions applicable to management companies, particularly AIF managers and UCITS managers, the risk management and monitoring functions are involved in the review process of the variable remunerations within the Management Company and more specifically the Identified Personnel.

In actual terms, the risk management and monitoring functions contribute in particular in accordance with their respective areas of delegation:

- to the selection process of the Identified Personnel, both as regards the operations concerned and, within these, the determination of the individual positions concerned;
- to the reflection on the methods of determining the variable remuneration packages by assuring that account is taken of the different risks, and the maintenance of the capacity of the Management Company to reinforce its own funds if necessary;
- to the assessment of the risk management and of the compliance with the operations by the teams/employees concerned, particularly concerning risk-takers. This assessment is, in particular, made possible thanks to joint working sessions between

the employees belonging to the risk management and monitoring functions and the other business units of the Management Company, thus giving them an overview of the business and of its conditions of exercise; and

- to the drawing up of deferred variable remuneration outlines, and to the determination of the potential criteria for penalties.

The risk management and monitoring functions send their proposals to the Management Committee which then sends them to the Remuneration Committee, which ensures that the opinions of risk management and compliance are taken into account.

3. PRINCIPLES RELATING TO THE DETERMINATION AND PAYMENT OF REMUNERATION

A certain number of principles in terms of remuneration apply to **all personnel** of Covéa Finance (**3.1.**). However, some principles apply only to the **Identified Personnel** (**3.2.**).

3.1. Principles applicable to all personnel of Covéa Finance

The Policy is determined so as to avoid situations of conflicts of interest and to prevent, through means put in place for that purpose, the taking of inconsiderate risks or those which are incompatible with the interests of the clients of the Management Company.

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

3.1.1. Scope of the concept of remuneration

For the purposes of the Policy, the remuneration applicable to all personnel of Covéa Finance is composed of at least the following elements:

- a fixed part which remunerates the capacity of the employee to hold his or her position satisfactorily; and
- a part potentially including profit-sharing and/or incentives.

However, for some members of the personnel of Covéa Finance, these remuneration parts may be completed by a variable part which aims to recognise the individual performance of the employee concerned, his or her contributions and his or her behaviour, the performance of the operational unit to which he or she belongs and the results of the Management Company as a whole.

In this last case, a fair balance is established between the fixed and variable parts of the total remuneration of the employee. In any event, the fixed part of the remuneration presents a sufficiently high part of the total remuneration so that a fully flexible policy can be exercised in terms of variable part of remuneration, particularly the possibility of paying no variable part at all.

3.1.2. Principles applicable to the fixed part of the remuneration

The fixed part of the total remuneration of an employee takes account of his or her position and of his or her area of responsibility.

It also aims to reflect:

- the level of experience of the employee;
- the degree of expertise of the employee;
- the commitment of the employee;
- the knowledge of the employee him/herself; and
- the effort of the Management Company to attract or retain the employee concerned in accordance with the nature of his or her position, the context of the Management Company or of the market.

It also reflects, as appropriate, the minimum salary level as provided by a collective agreement or any other applicable agreement of this type.

The fixed part of the total remuneration of an employee is fixed at the time of his or her employment. It is periodically reviewed within the framework of the processes described in Article 3.1.5 of the Policy.

The fixed part of the remuneration may, as appropriate, include benefits in kind (for example: new information and communication technologies, etc.).

3.1.3. Principles applicable to the part including profit-sharing and incentives

Profit-sharing is based on the results of the Management Company with “equal” distribution based half on the length of service of the employee and half on the fixed part of the total remuneration of an employee.

Incentives are based on a calculation mechanism which in turn is based on the definition of the level of overall performance of the Management Company assessed through several provisions (control of general overhead expenses, UCI management quality index, Mandate management quality index).

3.1.4. Principles applicable to the variable part of the remuneration

Independently of the concept of risk-taker, some employees of Covéa Finance may be allocated a variable part of remuneration.

These are mainly employees holding the following management positions:

- Chairman of Covéa Finance and director of the management mandates;
- directors of one of the management mandates (Interest Rates, International Equity, Europe Equity);
- head of section and team working in the area of financial management, trading, research or marketing and sale of UCI
- manager and multi-manager;
- experienced management assistant;
- trader;
- head of research studies (macroeconomic, microeconomic, quant, etc.); and
- salespeople.

The other employees in charge of support functions (control, marketing, human resources, administrative, etc.) and their managers other than those identified as "risk-taker" do not benefit from a variable remuneration commitment.

Further, it should be noted that the personnel involved in control functions, who are allocated a variable part of remuneration, would be remunerated in accordance with the achievement of objectives related to their positions, independently of the performances of the operating sectors they control. Thus, the objectives of members of the personnel involved in control functions do not in particular include a component based on the performance criteria of the Management Company as a whole. The Management Committee ensures this when the objectives of the employees concerned are determined, in collaboration with their line manager. It also checks that the variable part of the remuneration of the control functions is independent of the performance of the operating sectors they control. The members of the Management Committee involved in control functions may not make a decision at that time.

3.1.4.1.1. Prerequisites to the allocation of the variable part of the remuneration

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

- the employee must have worked in the company for at least six (6) months on 31 December of the calendar year during which the individual variable part is acquired;

this minimum length of service is increased to eighteen (18) months for recent graduates working as management assistants, traders, researchers or salespeople;

- the employee must still be registered on the workforce of the Management Company on 15 March of the calendar year and must not have resigned or be in a position of suspension of contract on the date of its payment.

3.1.4.1.2. Determination of the amount of the variable part of the remuneration of management teams

3.1.4.1.2.1. General principles

The variable part due to the salaried employee will be determined based on both quantitative and qualitative criteria.

In principle, the amount of the variable part allocated under the quantitative criteria will vary between 0 and 3 months of the amount of the gross salary of the employee.

The amount of the variable part allocated under the qualitative criteria will vary between 0 and 3 months of the amount of the gross base salary of the employee.

The total amount of the variable part, which may be allocated to an employee, may therefore represent at most up to 6 months of the gross salary of the employee.

As an exception to this principle, the amounts of the variable part allocated to the Chairman of Covéa Finance and the Director of management mandates, the Directors of each management mandate and the heads of section and of management and/or marketing and sales teams identified as Risk-Taker, may vary between 0 and 12 months of the amount of the gross salary of the employee, incorporating additional criteria in accordance with the Rules of Procedure of the Remuneration Committee to which they report.

To determine the maximum amounts of the variable part of the remuneration of the employees concerned, the salary to be considered will be the base salary.

Further, if the absences over the year of the employee are more than five business days, a *pro rata* shall, as appropriate, be implemented on the amount of the variable part allocated in accordance with the coefficient of duration of actual presence of the employee during the calendar year.

The coefficient of duration of actual presence will be determined in relation to: number of days of actual presence / number of days which the salaried employee should have contractually worked during the calendar year (therefore including the days of paid leave and the days of reduction of working times). The hours of exercising the mandate of representation of personnel and the hours of training are assimilated in the duration of actual presence.

3.1.4.1.2.2. Quantitative performance appraisal criteria

The quantitative performance appraisal criteria depend on the position held by the employee.

i) The management, trading and research teams

As regards employees belonging to teams dedicated to management, the quantitative calculation is based on a representative basket of collegial management portfolios. This basket of portfolios may be revised annually after informing the personnel representatives. The positive performance of the basket of portfolios is the prerequisite for the triggering of the allocation of a variable part of remuneration. The performance of the portfolio(s) making up the basket and the base index of that portfolio are evaluated each year on 31 December and the difference in performance between the portfolio and the index is calculated from these performances. The sum of the differences resulting from this calculation, with the corresponding weightings, constitutes the year's performance. If the year's performance thus calculated is positive, the quantitative part of the variable remuneration is then calculated by multiplying this result by the base salary, representative of the position held and of the experience gained in the position.

ii) The sales and marketing teams

As regards employees belonging to the sales and marketing teams, the quantitative calculation is based on the employee's capacity to collect and make clients loyal and falling under the following domains:

- prospecting rate according to an objective defined in advance by the Management Committee;
- net positive collection rate over the range of funds pre-defined by the Management Committee at the start of the year.

The sum of the rates is multiplied by the base salary, representative of the position held and of the experience gained in the position.

3.1.4.1.2.3. Qualitative performance appraisal criteria

The qualitative performance appraisal criteria categories are the following:

- mastery of the professional environment;
- involvement in the work;
- ability to report;
- degree of collegiality and of synergy;
- individual contribution to the achievement of the financial performance.

For each of these qualitative criteria, the maximum amount of the variable part allocated under the qualitative criteria is three (3) months' gross salary * 20%.

To each qualitative criterion category is associated one or more team and individual objectives (depending on the position) to be achieved fixed by the line management within the framework of the annual appraisal, in view in particular of the report of the previous year, and combined with measurement or assessment indicators. The team objectives allow in particular for taking account of the employee's ability to contribute to collective and transversal achievements.

The objectives are informally monitored regularly (at most every six weeks), with a written report formalised and signed three times a year: definition of objectives, half-year monitoring and year-end report.

At the end of the year, depending on the degree of holding of the position and achievement of the objectives associated with the criteria, particularly in view of the findings, the amount allocated under those criteria may vary between 0 and 3 months.

The qualitative objectives will be assessed over the period from 1 January to 30 November, with the report drawn up as far as possible in December.

Further, any individual behaviour incurring a regulatory and/or financial risk for the Management Company and/or the UCITS and Mandates managed may cancel all the other criteria, therefore any variable, depending on the seriousness of the facts and the share of responsibility of the employee.

3.1.4.2. Methods of payment of the variable part of the remuneration

The variable part of the remuneration potentially allocated to the employee will be notified at the earliest in the month of March of the following financial year and at the latest before the month of June.

When the variable part of the remuneration is paid, the employee may ask for all or part of this to be paid into his or her time savings accounts (CET).

In case of payment of the variable part of the remuneration, this will have the nature of salary and will therefore be liable for all the social security contributions and taxes and will be subject to income tax.

The variable part of the remuneration of an employee is not paid through instruments or methods which facilitate the bypassing of the requirements of the AIFM Directive or of the UCITS V Directive.

In any event, the variable part of the remuneration will only be paid and acquired if its amount is compatible with the financial situation of Covéa Finance as a whole. The total amount of the variable part of the remuneration is in general considerably reduced, or even zero, when the Management Company or the UCI and Mandates concerned record negative financial performances, account taken both of the current remunerations and of

the reductions of payments of amounts previously acquired, including by penalty provisions.

3.1.5. Methods of re-examining the remuneration

The following principles are applicable to the re-examination of the remuneration:

- the remuneration of any employee of Covéa Finance undergoes an annual review, particularly due to the general increase which may be allocated for the financial year and the contractual increase related to the bonus for years of service received during that period. This annual review takes account, in particular, of the performance of the salaried employee during the past year, of his or her individual achievements or even of an increase in his or her level of expertise and competence;
- the fixed part of the remuneration of any employee of Covéa Finance may undergo an increase, mainly in the following cases: (i) the scope of the employee's position is extended; (ii) the employee's achievements exceed the contractual expectations of the position he or she holds implying a change of reference framework; and
- the fixed part of the remuneration of any employee of Covéa Finance may be re-examined in case of mobility during a year. The fixed part of the remuneration will then be reviewed at the time of this mobility if the new responsibilities of the employee so justify. It should be noted that depending on the date on which the mobility takes place, this re-examination of the fixed part of the remuneration may be considered an annual review.

3.2. Principles applicable to Personnel identified as "risk-takers"

All employees of the Management Company are part of the remuneration process described in Article 3.1 of the Policy, including therefore the Identified Personnel.

That said, it should however be noted that, in accordance with the provisions of the AIFM Directive and of the UCITS V Directive, the Management Company, as AIF manager and UCITS manager, has put a mechanism in place that is specific to the variable part of the remuneration of members of the Identified Personnel.

3.2.1. Mechanism applicable to the variable part of the remuneration of members of the Identified Personnel

For the members of the Identified Personnel, the mechanism applicable to their variable part of remuneration is the following:

- 58% is paid in year N+1 broken down into: 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 part of remuneration is paid in a deferred manner, paid in "indexed cash" on the basket of portfolios;

- the postponement of the variable part of the remuneration is fixed at three months, after the first year of payment; payable in equally weighted thirds of 14%, revised upwards and downwards depending on the performance of the basket of portfolios over the previous calendar year.
- the deferred part of the variable part of remuneration is only finally acquired by the employee on the date of its actual payment and may not be received by the employee before that payment; and
- a specific mechanism based on criteria specific to the position is applied for members of the Identified Personnel in charge of the risk management and compliance functions.

It is however specified that the mechanism as described in this article will not be applicable if the total amount of this variable remuneration for the employee in question is less than a minimum threshold fixed annually by the Remuneration Committee and set at €100,000 (one hundred thousand euros).

Any employee identified as Risk-Taker whose level of variable remuneration is less than this threshold is not concerned by this mechanism, benefiting from a principle of proportionality in the application of the AIFM and UCITS V Directives.

3.2.2. Penalty and return mechanisms

The acquisition or the payment of the deferred part of the variable remuneration regardless of its form is subordinate to compliance with conditions which depend on criteria related to the results of Covéa Finance, on the activity of the operational unit and, as appropriate, on individual criteria and on a condition of presence.

These conditions are fixed annually by the Remuneration Committee and specified explicitly to the employees in question when that remuneration is allocated.

The following situations may also justify the application of a penalty:

- a considerable reduction in the level of individual performance of the employee;
- a significant reduction in the financial performances of Covéa Finance;
- a significant increase in the level of risk borne by Covéa Finance and/or the UCI and mandates managed by its teams;
- a deterioration of the situation of Covéa Finance in terms of capital/own funds; or
- proof of misconduct of the employee or of abnormal errors in the carrying out of operations/performance of tasks in the financial year in question.

Use of individual cover or insurance strategies in terms of remuneration or of liability which would limit the scope of the risk alignment provisions contained in this

remuneration policy, and in particular which would lead, in this respect, to obstructing the principle of application of provisions relating to the penalty, is strictly prohibited.

In some circumstances determined by the Remuneration Committee and in accordance with the applicable legislation and regulations, a contractual agreement may be entered into between an employee and Covéa Finance under which the first accepts to return to the second the property of an amount of remuneration. If this return is a result of risks, it is a form of ex-post risk adjustment.

In any event, in order to retain the financial balances of the management company, the deferred part of the variable remuneration will be provisioned in the accounts of the management company and, in order to align the interests of the parties, its value will be indexed to the gross performance of the basket of portfolios composed of Mandates, UCITS and AIF.

4. EFFECTIVE DATE OF THE POLICY

The Policy will enter into force after approval by the Remuneration Committee, after the Management Committee has given its opinion.

It is specified that, as this is the specific mechanism applicable within the Management Company in its capacity as AIF manager, this is in force for the variable remunerations due for the financial year 2016 and paid in 2017, in accordance with the Remuneration Policy of 29 September 2015.

In its capacity as UCITS manager, the extension of the scope of Identified Personnel provided by this Policy will, for its part, enter into force for the variable remunerations due for the financial year 2017 and payable in 2018.

5. AMENDMENT OF THE POLICY

Each year, the Remuneration Committee re-examines and determines the different elements of the Policy.

It submits all of its works to the Management Committee, which determines the Policy and its application for the financial year.

6. COMMITMENT TO COMPLY WITH THE POLICY

Covéa Finance ensures that its employees commit not to use personal cover or insurance strategies related to remuneration or liability in order to counter the impact of the risk alignment incorporated in its remuneration conventions.

Covéa Finance will not pay the variable part of the remuneration to the employees concerned through instruments or methods which facilitate the bypassing of the requirements of the AIFM Directive or of the UCITS Directive.

The Management Committee of Covéa Finance ensures that compliance with this principle is guaranteed.

7. PUBLICATION OF THE POLICY

7.1. Internal publication

The Policy and its appendices will be displayed on the company's intranet, notified to the personnel representative bodies of Covéa Finance and given to any new employee with his or her 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.

Annually, Covéa Finance will report on it in its annual reports, which are accessible to the public on simple request made to the company or from its website.

Done at Paris, on 31 January 2017