



Compensation Policy

February 2021

This Ossiam compensation policy contains general principles applicable to all employees (cf. point I), specific principles applicable to the groups of employees identified by the AIFM and UCITS V directive (cf. point II) and a governance system applicable to all employees (cf. point III).

This policy forms part of the broader compensation policy set out by NATIXIS and has been drawn up in accordance with the compensation provisions outlined in the following regulations, as well as the guidelines from the European Securities and Markets Authority (ESMA) and the positions issued by the French financial markets authority *Autorité des Marchés Financiers* (AMF) derived from these:

- Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 on Undertakings for Collective Investment in Transferable Securities (UCITS), transposed into the French Monetary and Financial Code by Ordinance No. 2016-312 of 17 March 2016 (the "UCITS V Directive")
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments, transposed into the French Monetary and Financial Code by Ordinance No. 2016-827 of 23 June 2016, supplemented by Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 ("MiFID II")
- Directive 2011/61/EU of the European Parliament and of the Council of June 8, 2011 on alternative investment fund managers, transposed into the Monetary and Financial Code by Order n°2013-676 of July 27, 2013 ("AIFM Directive")
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability reporting in the financial services sector

I- General principles of the compensation policy

The compensation policy is a strategic aspect of Ossiam's overall policy. It is designed to mobilize and engage staff, and ensures a competitive and attractive approach in light of market practice and in strict compliance with broad financial balances and regulations.

Ossiam's compensation policy applies to all employees and one of its fundamental principles is the alignment of employees' interests with those of investors:

- It is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is incompatible with the risk profiles, rules or instruments of incorporation of the products that the management company manages.
- It is in line with the business strategy, objectives, values and interests of the management company and the products that it manages and of the investors, and includes measures to avoid conflicts of interest.

The compensation policy covers all aspects of compensation, including fixed compensation and, where applicable, variable compensation.

Fixed compensation rewards skills, professional experience and the employee's level of responsibility, and also takes account of market conditions.

Variable compensation is based on an assessment of collective performance, measured both at the level of the management company and the products managed, and individual performance. It takes on board quantitative and qualitative factors, which may be established on a yearly basis or across a number of years.

I-1. Definition of performance

The objective and transparent assessment of annual and multi-annual performance based on pre-defined objectives is the pre-requisite for application of Ossiam's compensation policy and ensures the fair and selective treatment of employees. This assessment is discussed between the employee and his/her manager during an individual evaluation interview.

Each employee's contribution and performance are assessed on the basis of their role, duties and degree of responsibility at the management company. In light of this, the compensation policy makes a distinction between several categories of employee:

- The Executive Committee is assessed on the basis of its contribution to the definition and implementation of the management company's strategy and its ability to develop the performances of its product and service offerings, as well as the risk-adjusted financial performance of its scope of oversight. Performances for this category are appraised annually using quantitative indicators, such as changes in Ossiam's financial results and supervised activities, as well as qualitative aspects such as the quality of management and/or responsibility/contribution to cross-business projects.
- Support functions are assessed on their ability to support the management company's strategic challenges. Individual performance is assessed annually on the basis of the quality of recurring duties and/or the degree of participation in cross-business projects or strategic/regulatory projects.
- The performance of control functions is assessed on the basis of purely qualitative and annually defined criteria, such as participation in cross-business projects or strategic/regulatory projects, to ensure that their independence is not compromised and to avoid any conflict of interest with the business lines they control.
- The performance of portfolio management functions is assessed on the basis of quantitative criteria, supplemented by qualitative and sustainability criteria. The quantitative criteria reflect the challenges of developing management performances sought by investors, although without allowing excessive risk-taking that may have an impact on Ossiam's risk profile and/or that of the products it manages. These quantitative criteria are calculated over a pre-defined period in line with the timeframe for risk-adjusted performances for the funds managed and the management company.

Specific criteria integrating sustainability risks, i.e. social, environmental and governance issues, are defined for all employees of the portfolio management teams.

Performance assessment for all staff categories includes qualitative criteria, which consistently include fulfilment of regulations and Ossiam's internal risk management and compliance procedures. These criteria may also cover the quality of client relationships, including the level of expertise and advice provided, contributions to the reliability of a process, participation in a cross-business project, contribution to the development of new expertise, involvement in operational efficiency improvements or any other subject defined in line with Ossiam's strategic objectives.

All quantitative and qualitative objectives for each employee category are defined and communicated individually at the beginning of the year, in line with Ossiam's strategic objectives.

I-2. Compensation component

I-2.1. Fixed compensation

Ossiam ensures that fixed compensation paid sufficiently rewards employees for their employment activity.

Fixed compensation rewards the skills, professional experience and degree of responsibility expected in a role.

Fixed compensation positioning is reviewed periodically to ensure that it is consistent with geographical market and industry practices.

Fixed salaries are reviewed once a year as part of the annual compensation review. Outside that period, a review may only be conducted in the event of promotion, an internal job move or exceptional changes to individual circumstances.

I-2.2. Variable compensation

Variable compensation packages are defined on the basis of Ossiam's annual results, and also by reference to qualitative elements, such as practices at competitor companies, general market conditions applicable at the time the results were obtained and any factors that may have temporarily influenced the business line's performance.

Variable compensation, where awarded, is paid to reward an individual and/or collective annual performance.

Ossiam's collective variable compensation consists of mandatory and optional profit-sharing schemes, together with a company savings plan (PEE) of NATIXIS. Employees may also benefit from a matching contribution scheme as part of this plan.

This collective variable compensation has no incentive impact on Ossiam's risk management and/or that of the products it manages and does not fall within the scope of the AIFM and UCITS V directive.

Individual variable compensation is awarded within the limits of the overall variable compensation packages in an objective-based and discretionary manner as part of the annual compensation review. It is based on the assessment of individual performances and the way in which these performances were achieved. Variable compensation awarded to employees is affected by any inadequate risk and compliance management, or in the event of breaches of regulations and internal procedures during the year in question (see I-1. Above).

So-called identified staff are subject to specific risk and compliance obligations and rules, and any failure to comply with these obligations may result in a partial or total reduction in the allocation of individual variable compensation.

In the event of a loss or a substantial decrease in its results, Ossiam may also decide to reduce or entirely cancel amounts allocated to individual variable compensation, together with any deferred instalments of variable compensation previously awarded that is in the process of vesting.

Similarly, in the event that a major sustainability risk materializes, i.e. the occurrence of an event or situation in the environmental, social or governance field that would have a significant and lasting negative impact on the value of the managed funds/products, the envelope allocated to individual variable compensation may be reduced or even cancelled, together with any deferred instalments of variable compensation previously awarded that is in the process of vesting.

There is no contractual guarantee for variable compensation, bar certain cases of variable compensation awarded for the first year of service for external hires.

“Golden parachute” type schemes are prohibited. Payments related to the early termination of an employment contract are determined in accordance with legal provisions (statutory and contractual compensation) and the performance of the beneficiary, his/her business line and the management company as a whole over the long term. Such payments are designed in such a way as to avoid rewarding failure.

Variable compensation is not paid via instruments or methods that facilitate the circumvention of the requirements set out in regulations.

I-2.3. Key employee loyalty scheme

With the aim of serving its investors, Ossiam seeks to guarantee the stability of its most talented staff and those identified as key in terms of their engagement or contribution to results.

To this end, a loyalty and performance-based incentive scheme, notably through the free allocation of company shares, has been integrated into Ossiam's compensation policy.

The portion of annual variable compensation paid under this scheme is then deferred to enable employees to be associated in the company's performance.

This mechanism is subject to the employee meeting certain conditions relating to attendance and the absence of unusual behavior that may have an impact on Ossiam's level of risk and/or that of products managed. It falls within the scope of the AIFM and UCITS V Directive.

I-2.4. Balance between fixed and variable compensation

Ossiam ensures that there is an appropriate balance between the fixed and variable components of overall compensation. It also ensures that the fixed portion represents a sufficiently high proportion of overall compensation so that a fully flexible policy may be implemented on variable compensation components, including the option of paying no variable component.

As part of the annual compensation review, the Management Board documents all individual situations where variable compensation exceeds fixed compensation and that may be explained

by reference to market practices and/or an exceptional level of responsibilities, performance and behavior.

II- Application of the mechanism applicable to identified staff under the AIFM and/or UCITS V directive

II-1. Identified staff

In accordance with regulatory provisions, Ossiam's identified population involves staff categories – including senior managers, risk-takers and those exercising a control function, as well as any employee who is in the same compensation bracket as senior managers and risk-takers based on his/her total compensation – whose employment activities have a material impact on the risk profile of the management company and/or the products it manages. These staff are identified based on their employment activities, degree of responsibility or their overall level of compensation.

With a view to consistency and uniformity, Ossiam has decided to apply the mechanism applicable to identified staff across the entire scope of the products it manages i.e. mandates, AIF and UCITS.

The following categories of employee are considered to be identified staff:

- Members of the Management Board,
- Employees responsible for portfolio management
- The heads of control functions (risk, compliance and internal control)
- The heads of support or administrative functions
- Other risk-takers
- Employees who, based on their overall compensation, are in the same compensation bracket as senior managers and risk-takers.

Each year prior to the annual compensation review, the Management Board draws up and formally records the identification methodology and scope of Ossiam's identified staff, in conjunction with the Chief Compliance Officer.

The scope for all identified staff is then approved by Ossiam's Management Board, then reported to its Supervisory Board, before being presented by NATIXIS Senior Management to the NATIXIS Compensation Committee.

The entire identification process is documented and filed by the Management Board, and the employees in question are also informed of their status.

II-2. Mechanism applicable to variable compensation awarded to identified staff

In accordance with regulation and in order to ensure alignment between employees, investors and the management company, where the variable compensation of identified staff exceeds a certain threshold, it is partly deferred and partly awarded in the form of financial instruments vesting over a minimum period of 3 years and on a pro rata basis.

The proportion of variable compensation, which is deferred over 3 years, increases with the amount of variable compensation awarded, and may reach 60% for those with the highest compensation at Ossiam. Compensation is currently deferred as follows:

- Up to 199K € : not differed
- Between 200K€ and 499K€: 50% is deferred
- Above 500K€: 60% is deferred

The triggering thresholds for deferred variable compensation may change as a result of regulatory requirements or changes in internal policies. In these circumstances, the new thresholds are submitted for approval to Ossiam's Management Board and NATIXIS' Compensation Committee.

Variable compensation, when it is greater than or equal to the above-mentioned thresholds, is also allocated up to a minimum of 50% in financial instruments, which may in particular take the form of Ossiam shares allocated free of charge over 3 years in accordance with the applicable conditions defined in the allocation plan.

The vesting of the deferred component of variable compensation is subject to the employee meeting certain conditions relating to attendance and to the company's financial performance as well as the absence of unusual behavior that may have an impact on the level of risk for Ossiam and/or the products it manages.

Vesting is also subject to obligations in relation to risk and compliance rules. Failure to comply with these obligations may result in a partial or total reduction of the amounts vested. Such amounts may also be required to be returned in whole or in part, in order to carry out ex post risk adjustments.

Employees who receive deferred variable compensation are prohibited from using individual hedging or insurance strategies at any point during the vesting period.

The entire system described above, including the vesting and payment, in part deferred and in financial instruments, of variable compensation in excess of the thresholds mentioned above, applies to all variable compensation components granted to employees who are part of the identified population, including free allocation of company shares for which they may be eligible, as mentioned in I-2-2 above.

All AIF and UCITS funds managed by Ossiam are systematically managed funds. The funds replicate indices/strategies whose calculation methodologies are transparent, public and stable. The tracking error between the fund and the index/strategy is measured daily by Ossiam's risk management and control teams and must comply with strict limits. Therefore, in view of these elements, Ossiam considers that indexing part of the remuneration of identified personnel to the performance of a basket of funds managed by Ossiam is not necessary.

III- Governance

The general and specific principles of the compensation policy are drawn up and formally recorded by Ossiam's Management Board and Ossiam's Chief Compliance Officer. Ossiam's Chief Compliance Officer has an active role in developing, constantly monitoring and assessing the compensation policy.

It is involved in defining the management company's overall strategy with the aim of promoting

the development of effective risk management. It is therefore involved in determining the scope of the identified staff and is also responsible for assessing the impact of the variable compensation structure on portfolio managers' risk profiles.

Ossiam's compensation policy is approved by its Supervisory Board of Directors.

The general and specific principles, application methods and figures of the remuneration policy, including the identified population and the highest remunerations, are approved successively, in detail, by the members of Ossiam's Executive Board, then by an Intermediate Committee bringing together Ossiam's Executive Board and NATIXIS IM's General Management. The latter then submits, in a more summary format, the above elements to the approval of the General Management of NATIXIS, which lastly reports to the Compensation Committee of NATIXIS.

Ossiam does not have its own Compensation Committee but, as part of NATIXIS Group, it reports to the NATIXIS Compensation Committee via NATIXIS Senior Management.

The NATIXIS Compensation Committee is established and acts in accordance with regulation¹ :

- Both in terms of composition i.e. independence and expertise of its members, the majority of which, including its Chairman, do not exercise executive functions within Ossiam, are external to the Natixis Group and are therefore totally independent
- And in the performance of its duties, which include the following roles more specifically for management companies:
 - o Recommendations and assistance to the Board of Directors in preparing and implementing the management company's compensation policy
 - o Assistance to the Board of Directors in supervising the preparation and implementation of the management company's compensation system
 - o Specific attention is paid to the evaluation of the mechanisms used to ensure that the compensation system takes proper account of all categories of risk, liquidity and the levels of assets under management and that the compensation policy is compatible with the business strategy, objectives, values and interests of the management company and the products it manages and those of investors.

Within this framework, the general and specific principles, the compliance of Ossiam's remuneration policy with the regulations to which it is subject and the methods of application and summary figures of its remuneration policy, including the identified population and the highest remunerations, are ultimately subject to review by the NATIXIS Remuneration Committee and approved by its Board of Directors.

Ossiam's Chief Executive Officer's compensation is set by senior management of NATIXIS IM and NATIXIS, then presented to the NATIXIS Compensation Committee. It is also validated by Ossiam's Supervisory Board.

The compensation of Ossiam's Heads of Risk and Compliance is reviewed by NATIXIS IM's Risk and Compliance Directors as part of the independent reviews carried out by the risk and compliance functions. It is then submitted to the NATIXIS Compensation Committee.

Ultimately, all of the roles assigned to the compensation committees and provided for in the

¹ : For further details on the composition and role of the Natixis Compensation Committee, please see the company's Registration Document

regulations are in practice carried out by the intermediate committee established at Ossiam level and/or the Compensation Committee of NATIXIS.

The general and specific principles of the compensation policy are disclosed within the company to all employees. Ossiam also complies with all of its external advertising obligations.

The review, approval and communication processes are carried out in full each year. They take account of any regulatory developments as well as changes in the context and are carried out in accordance with NATIXIS' compensation policy.

Finally, Ossiam's entire compensation policy is subject to a centralized and independent annual review by NATIXIS IM's Internal Audit Department.

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