

Information concerning the Groupama AM remuneration policy

1 – Qualitative information on the Groupama Asset Management remuneration policy

1.1. Context:

Groupama Asset Management obtained its AIFM authorisation from the French Financial Markets Authority (AMF) on 10 June 2014 after updating its remuneration policy to ensure compliance with the requirements of the AIFM Directive (AIFMD). Since 2017, Groupama AM has also brought its Remuneration Policy into compliance with the UCITS V Directive, and this Policy was approved by the AMF on 7 April 2017. Finally, more recently, this Policy has integrated the obligations concerning the consideration of sustainability risks and the requirements of MiFID II.

As on 31 December 2021, Groupama Asset Management managed a total of € 117.2 billion assets under management, of which 16% was in AIFs, 32% in UCITS and 52% in client mandates.

Groupama Asset Management has formalised its list of Identified Staff, i.e. the staff considered to be “risk takers” according to the definitions issued by the AMF. This list includes in particular:

- The members of the Executive Committee
- The Internal Audit Director
- The Heads of the Compliance and Internal Control teams
- The Heads of the Portfolio Management teams
- The portfolio managers and assistant portfolio managers
- The Chief Economist
- The head of Financial Engineering
- The head of the negotiating table and the negotiators
- The Chief Commercial Officer and the sales teams
- The heads of certain support functions
 - Operations
 - Legal
 - Marketing
 - IT

For many years, the staff remuneration structure at Groupama AM has been the same for all members of staff. This structure consists of three components:

- Fixed component (salary)
- Individual variable remuneration
- Collective variable remuneration (incentives and profit sharing)

Every year, Groupama Asset Management compares all components of its staff remunerations to the market in order to ensure their competitiveness and structural balance. In particular, the company verifies that the fixed remuneration component represents a sufficiently high proportion of the total remuneration.

1.2. Composition of remuneration

1.2.1. Fixed component:

For each member of staff, the fixed component of total remuneration is established when the member joins the company. This fixed component takes into account the position and scope of responsibility of the staff member and the remuneration levels practised on the market for the equivalent position (“benchmark”). The fixed component is reviewed annually and on the occasion of any internal transfer, and it may be increased on the basis of these reviews.

1.2.2. Individual variable remuneration:

The individual variable remuneration depends on the function and level of responsibility. It is not granted systematically and is subject to genuine flexibility. It is based on an annual assessment, which is conducted as part of a performance review meeting. The aim of this assessment is to measure:

- First, the attainment of quantitative, qualitative and where applicable managerial objectives specified at the beginning of each year;
- Second, how the staff member performs on a day-to-day basis.

The combination of these two measures enables the overall performance of the staff member during the year to be established and a variable remuneration to be awarded accordingly.

1.2.2.1. Performance assessment

The objectives are specified to each staff member by their line manager as a function of the company’s strategy and structure at the level of the department and team concerned. Each objective is weighted according to its relative importance compared to the other objectives. In compliance with the requirements of AIFMD and UCITS V, these objectives conform to certain specific principles:

- Every line manager must have a managerial objective
- No staff member can have exclusively (100%) quantitative objectives
 - In the case of sales staff and investment managers, the quantitative objectives represent 60 to 70% of the total objectives (except in particular cases, such as certain junior positions having a smaller quantitative proportion)
 - The performance objectives of the managers include a multi-year dimension (performance over 1 year and 3 years) and the requirement to comply with the management framework
 - The objectives of sales staff take into account their capability to secure customer loyalty
- The qualitative objectives are designed to:
 - Limit the weight of strictly financial performance
 - Integrate notions such as risk taking, consideration of the joint interests of client and company, compliance with processes, teamwork etc.
- The objectives of staff employed in the functions of risk control, internal control and compliance are specified independently of the objectives of the business units and teams whose operations they validate or control.

The objectives and overall performance of the staff are assessed on a scale validated by the Groupama Group's central Human Resources department, which oversees the entire process and the performance evaluation metrics of the companies of the Group.

1.2.2.2. Calculation and award of variable remuneration

The variable remuneration awarded in year N+1 for a year N is subject to prior validation by the Group. The amount of variable remuneration is proposed by the Executive Committee of Groupama Asset Management to the Executive Committee of the Groupama Group on the basis of the provisional results of the company and in particular the performance in terms of inflow and management results. In compliance with AIFMD and UCITS V, the variable remuneration is aligned with the risk of the company. It can therefore be reduced in the event of negative performance impacting the creditworthiness of Groupama AM.

The Human Resources Department controls the consistency and equity of the variable remuneration sums proposed by the line managers for their staff. In particular, HR ensures the consistency of these sums with the performance assessments and can, where applicable, submit adjustments for validation by the Director concerned.

Groupama Asset Management does not provide any guaranteed variable remuneration, except, in exceptional cases, on recruiting certain staff members. In these cases, the guarantee is limited strictly to one year, and it is generally paid at the end of the trial period.

1.2.2.3. Payment of variable remuneration

The individual variable remuneration for a year N is usually paid in March of the following year, N+1. However, in compliance with AIFMD and UCITS V, if the variable remuneration granted to a member of the Identified Staff for a given year exceeds an amount validated by the Remuneration Committee of Groupama Asset Management it is divided into two parts:

- the first part is announced and paid upfront to the staff member in question immediately after the performance assessment period. This part represents 50% of the total variable component of the staff member's remuneration, and it is paid in full in cash, generally in March of year N+1.
- the second part is announced, but its payment is deferred over time. This part represents 50% of the total variable component of the staff member's remuneration. It is paid in three equal instalments of one third in the years N+2, N+3 and N+4, subject to any malus. Indexing is based on a basket of funds representative of the management style entrusted to the staff member or of the overall management of Groupama Asset Management in the case of staff members that cannot be directly linked to the management of one or more investment portfolios.

In compliance with AIFMD and UCITS V, Groupama Asset Management has established a malus system. So, in the case of negative performance that could impact the creditworthiness of Groupama Asset Management, the payment of the deferred portion of the variable remuneration can be reduced accordingly. If a decision of this nature is taken, it is uniformly applied to all the Identified Staff concerned by the payment of a deferred variable remuneration for the year under consideration. This decision would be the responsibility of the Executive Committee and would have to be validated by the Remuneration Committee.

Moreover, an individual conduct-based malus mechanism has also been established to permit the penalization, where applicable, of any fraudulent or unethical conduct, substantial error or any

uncontrolled risk taking or any risk taking not conforming to the company's investment strategy or sustainability policy by the staff member concerned.

1.2.3. Collective variable remuneration:

Every staff member on a permanent or temporary employment contract who has worked at least three months during the financial year in question has the right to receive a collective variable remuneration consisting of incentive payment and profit sharing. The overall amount of collective variable remuneration paid by Groupama Asset Management is divided between the qualifying staff as a function of their gross real remuneration received during the reference year. Groupama Asset Management tops up the sums invested in the company retirement plan (PEE) or collective retirement fund (PERCO) within the limit of the sums defined by the agreements concerning these savings plans.

1.3. Governance of remunerations

Groupama Asset Management has had a Remuneration Committee since 2011. In compliance with the requirements of AIFMD and UCITS V, this Committee consists of 4 members, of whom 2 are independent, including the chairperson, who has the casting vote.

This Committee consists of the following persons:

Eric Pinon, Chairman
Muriel Faure
Cyril Roux
Cécile Daubignard

The Committee has the following objectives:

- Supervise the implementation and development of the Remuneration Policy
- Draw up recommendations on the fixed and variable remuneration of the members of the Executive Committee and on any variable remunerations exceeding 100% of the fixed salary of the persons concerned
- Supervise the remuneration of the senior managers responsible for risk management and compliance
- Draw up recommendations on the remuneration of the senior corporate officers of Groupama Asset Management
- Assess the mechanisms adopted to guarantee that:
 - ✓ the remuneration system takes into account all categories of risk, including sustainability risk, liquidity risk and the levels of assets under management;
 - ✓ the Policy is compatible with the business strategy, objectives, values and interests of the Asset Management Company;
- Evaluate various scenarios to test the reaction of the remuneration system to future external and internal events and carry out ex-post controls

1.4. Identity of the persons responsible for deciding remunerations in Groupama Asset Management

In addition to the Remuneration Committee (see above), which supervises the implementation of the Remuneration Policy, the persons in charge of determining remunerations are:

- Mirela Agache, CEO of Groupama Asset Management
- Adeline Buisson, Human Resources Director of Groupama Asset Management

1.5. Result of the internal, central and independent review of the Remuneration Policy of Groupama Asset Management and of its implementation

In the course of 2021, the Internal Audit team at Groupama Asset Management conducted an audit of the Remuneration Policy in compliance with the regulatory requirements. The result of the Audit was that the remuneration policy was correctly implemented and that no significant error or anomaly was found. The recommendations made following the Audit conducted at the end of 2020 have been closed. Two recommendations were made and adopted by the Remuneration Committee; none of the recommendations called into question the measures currently implemented by Groupama Asset Management with regard to the indexing of deferred variable remuneration.

2. Quantitative information

The following information is based on the annual payroll declaration (“DSN”) of Groupama Asset Management as on 31 December 2021.

Total Payroll 2021	26,831,425 euros
<i>Including variable remuneration paid for performance in 2020</i>	<i>6,039,040 euros</i>
<i>Including deferred variable payment accrued for the year 2017 and paid in 2021 (3rd of 3)</i>	<i>126,755 euros</i>
<i>Including deferred variable payment accrued for the year 2018 and paid in 2021 (2nd of 3)</i>	<i>168,324 euros</i>
<i>Including deferred variable payment accrued for the year 2019 and paid in 2021 (1st of 3)</i>	<i>117,466 euros</i>

The 2021 Payroll of the Identified Staff designated as risk takers (93 persons), as defined in AIFMD and UCITS V, is broken down as follows per different category:

2021 Payroll of all the Identified Staff	14,647,702 euros
<i>Including Remunerations of Managers and other persons having a direct impact on the profile of the managed funds (50 persons)</i>	<i>7,611,279 euros</i>
<i>Including Remunerations of the other risk takers</i>	<i>7,036,423 euros</i>