

# NATIXIS ASSET MANAGEMENT FINANCE

## Remuneration policy

December 2019

## 1. INTRODUCTION

The remuneration policy of NATIXIS ASSET MANAGEMENT FINANCE (hereinafter NAMFI) is integrated into the NATIXIS process and therefore applies the principles, processes and governance defined by Natixis. It is a key element in the implementation of the company's strategy.

This document therefore recalls the major points and is reviewed by the General Management of NAMFI, with the assistance of Human Resources being ultimately validated by the RCSI of the Company.

The purpose of the remuneration policy is to establish competitive compensation levels with respect to its reference markets and is structured in such a way as to encourage the long-term commitment of its employees, while ensuring the appropriate management of risks and respect the financial balance.

NAMFI's remuneration policy reflects the individual and collective performance of the Company's and employees' activities, while at the same time ensuring that it does not create conflicts of interest between employees and customers, and promoting behaviors consistent with Natixis values, as reflected in the "Purple Touch", and the rules of conduct and good practices as reflected in the Natixis Code of Conduct. The remuneration policy also includes the fundamental objectives of professional equality and non-discrimination pursued by Natixis.

Compensation for NAMFI employees is structured around the following components:

- Fixed compensation, which reflects the skills, responsibilities and expertise expected in the performance of a position, as well as the role and weight of the function in the organization. It is determined according to the specificities of each business on its market;
- Annual variable compensation, which is granted objectively in the light of the assessment of an individual performance and the way in which this performance is achieved. The variable compensation awarded to employees is impacted in the event of inappropriate management of risks and compliance, or non-compliance with internal regulations and procedures for the year in question;
- Collective variable remuneration associated with employee savings schemes such as financial participation and profit-sharing, which make it possible to associate employees with the results of the company.

Each employee benefits from all or part of these different components, in terms of his / her functions, responsibilities and performance. NAMFI takes care to maintain a fixed level of remuneration sufficient to remunerate the professional activity of the employees taking into account their level of seniority and expertise.

NAMFI's remuneration policy and practices are established, implemented and maintained in a manner consistent with the business and risk management strategy, risk profile, objectives, risk management practices and the long-term interests and results of the company as a whole in compliance with the regulations in force. They are intended not to encourage excessive risk taking and to avoid the introduction of incentives that could lead to conflicts of interest.

NAMFI integrates the rules and principles defined in these different regulations into the governance, transparency, definition of variable remuneration envelopes and individual allocations.

In the event of a significant loss or decrease in its results, NAMFI may also decide to reduce or even cancel the entire amount allocated to individual variable compensation, as well as, if applicable, the maturities in course of acquisition under variable remuneration already awarded and deferred.

The purpose of this policy is to detail the various rules that apply within NAMFI. It is regularly updated to take into account any new rules applicable to NAMFI regarding the remuneration of its directors and employees.

It also takes into account the special status of the Company, which is subject both to the collective agreement of the banks because of its status but also to the collective agreements of Natixis and the Natixis Investment Manager Group, for example because of its membership of the UES for activities in France.

## 2. **REGULATORY REFERENCES**

NAMFI's compensation policies and practices are subject to a legislative and regulatory framework stemming mainly from the following texts:

- the CRD IV Directive, as transposed into French law in the Monetary and Financial Code and the order of 3 November 2014;
- Delegated Regulation 604/2014 relating to the criteria that identifies employees whose professional activities have a significant impact on the company's risk profile ("Material Risk Takers" or "MRT"), at the consolidated level at all branches and subsidiaries of Natixis, including those outside the European Union;
- the guidelines of the European Banking Authority (EBA) on sound remuneration policies as adopted by the positions of the French Prudential Supervisory Authority (ACPR);

In addition, other specific rules on remuneration may apply to certain trades or employees of NAMFI, for example because of provisions:

- related to customer protection (the MiFID2 Directive and its implementing regulations, as well as the guidelines of the European Securities and Markets Authority (ESMA) and the EBA) for Natixis employees in direct or indirect relation with customers ;
- related to the remuneration rules applicable to personnel attached to support functions such as risk and compliance control, or units responsible for validating transactions (Order of 3 November 2014);
- related to the application of the provisions relating to the law of separation and regulation of banking activities and the Volcker Rule applicable to market operators;

The procedures for applying these various texts may be clarified, where appropriate, by various documents issued by supervisory authorities such as the EBA, ESMA, the Authority of the financial markets (AMF), the ACPR or any other authority having jurisdiction over the Natixis, or NAMFI, assets.

### 3. **GOVERNANCE OF THE REMUNERATION POLICY**

The Monetary and Financial Code, resulting from the transposition of the CRD IV Directive, provides the elements that are integrated for NAMFI into the consolidated NATIXIS organization.

Although NAMFI is not considered an Important Operating Entity (UOI), some people may be identified within NAMFI as regulated within the meaning of the regulations.

Governance is established by the Natixis Human Resources Department, which ensures the complete review of compensation policies and compliance with the implementation of guiding principles.

The decision-making process of NAMFI's compensation policy is structured around several validation stages at NAMFI level in a compensation monitoring committee, NIM, the human resources department and Natixis' senior management, and finally board of directors of Natixis after consulting the Natixis Compensation Committee.

A special device is set up for the regulated population called "MRT" or "Material Risk Takers". A staff member who has a significant impact on a credit institution's risk profile (or "MRT") is considered to be any staff member who fulfills one of the qualitative or quantitative criteria defined by the Delegated Regulation 604 / 2014. NAMFI MRTs are also assessed at the NATIXIS level. The nominative list is defined annually by NATIXIS. Employees identified as belonging to the regulated population are notified of their status by the human resources department.

The amounts and methods of payment of the variable remuneration of regulated employees are presented during the validation process for control. Above a threshold set and approved annually, to date of € 100K, the payment of a fraction of the variable compensation awarded is conditional and deferred in time. This payment is deferred by one third shares over the three fiscal years following that of the allocation of the variable compensation. Deferred variable compensation components that are in the process of being acquired may be reduced or eliminated in the event of behavior likely to expose NAMFI to an unusual and significant risk.

NAMFI, which provides investment services to clients, ensures that it does not remunerate or evaluate the results of its employees in a manner that defeats its obligation to act in the best interests of its clients. In particular, it makes no provision in the form of remuneration, sales objectives or otherwise that might encourage such employees to recommend a particular financial instrument to a client whereas the investment firm may propose another financial instrument better aligned to the needs of the client in question.

Comparable remuneration and incentives are not solely or primarily based on quantitative business criteria, and must take due account of appropriate qualitative criteria reflecting compliance with applicable regulations, fair treatment of customers and the quality of services provided to customers.

A balance between fixed and variable compensation components is maintained at all times, so that the compensation structure does not favor the interests of NAMFI or its stakeholders to the detriment of the interests of any client.

NAMFI's senior management is responsible for the day-to-day implementation of the compensation policy and the compliance risk monitoring associated with this policy.

#### **4. ANNUAL REVIEW PROCESS OF REMUNERATIONS**

The positioning of salaries is analyzed each year through a salary survey. The analysis makes it possible to ensure the consistency of NAMFI's remuneration in relation to its sector of activity and to allow it to attract and retain the talents essential to its development.

The revaluation rate for fixed compensation is defined each year by Natixis' senior management. It includes an amount of collective revaluation, individual revaluation and possibly categorical revaluation related to gender, seniority or any other category defined within the framework of Natixis' HR policies.

Apart from the annual salary review process, only the exceptional promotions or exceptional situations can lead to salary changes during the year.

The annual process for reviewing individual remuneration takes place in several stages:

Phase 1: identification of MRTs by Natixis and notification to this population of its status

Phase 2: Analysis of proposals and validations

- o analysis of the competitive positioning of remuneration and any elements that may have temporarily impacted the performance of the business, or the overall remuneration of the year in question;

- o proposal of a variable compensation package by NAMFI senior management and the human resources department at a compensation monitoring committee;

- o Approval of the variable remuneration package proposed by NIM and NATIXIS 'senior management and human resources department;

- o communication of the individual increase envelope by the Natixis human resources department.

- o Approval of the allocations by the senior management of NIM, Natixis and the Natixis human resources department, and communication for review by the Compensation Committee of Natixis before implementation.

#### **5. TRANSPARANCY OF THE REMUNERATION'S POLICY**

The remuneration policy is communicated internally and is published on the Company's website.