

## **DORVAL ASSET MANAGEMENT'S REMUNERATION POLICY**

This "Remuneration Policy" aims to outline the Remuneration Policy as applied at Dorval Asset Management on the one hand, and on the other hand comply with documentation and disclosure requirements set out in European Directive 2014/91/EU (UCITS V Directive) in light of the company's status as an asset manager, and in European Directive 2011/61/EU (AIFM Directive) in view of application of the AIFM lighter regime.

This policy consists of general principles that apply to all staff, specific principles that apply to specific staff categories identified under UCITS V, and a governance set-up that applies to all employees.

In accordance with applicable regulations, the management company Dorval Asset Management has a Remuneration Policy established on a durable medium.

Dorval Asset Management complies with the directives and guidelines from the European Securities and Markets Authority (ESMA) published on February 11, 2013 and March 31, 2016, in a way and to an extent that are appropriate in view of its size and inhouse organization, as well as the type, scope and complexity of its businesses.

This policy is part of the broader Remuneration Policy defined by Natixis.

### **General principles**

The Remuneration Policy is a strategic component of Dorval Asset Management's policy. It acts as a tool for both mobilizing and engaging staff, and ensures competitiveness and attractiveness as compared with market practices, while also guaranteeing strict financial balance and compliance with regulation. It also includes an incentive mechanism to retain key staff via the potential allocation of free shares.

Dorval Asset Management's Remuneration Policy applies to all staff and one of its fundamental principles is the alignment of staff and investor interests:

- The policy is consistent and promotes sound and effective risk management, and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the products managed;
- The policy complies with the business strategy, objectives, values and interests of the management company and the products it manages, and investors in such products, and includes measures to avoid conflicts of interest.

Dorval Asset Management's Remuneration Policy covers all aspects of compensation, including fixed salary and, where applicable, variable compensation.

The fixed salary compensates staff for skills, professional experience and their degree of responsibility. It also factors in market conditions.

Variable remuneration is based on an assessment of the collective performance, which is measured both in terms of the asset management company's performance and that of the products it manages, as well as individual performance. It factors in both quantitative and qualitative aspects, which can be assessed on an annual or multi-annual basis in order to manage the weighting of strictly financial or temporary performance.

## **Definition of performance**

The objective and transparent assessment of annual and multi-annual performance based on pre-defined objectives is a prerequisite for applying Dorval Asset Management's Remuneration Policy, ensuring the fair and selective treatment of employees. This assessment is discussed by the employee and his/her manager during an individual performance review.

Each employee's contribution and performance are assessed on the basis of his/her position, assignments and level of responsibility at the management company. In this respect, the Remuneration Policy distinguishes between several categories of employee:

- Executives are assessed by reference to their contribution to the definition and implementation of the management company's strategy and their ability to develop the performances of its product and service ranges, as well as the risk-adjusted financial performance for their supervision scope. Performance is therefore assessed on the basis of the company's key financial indicators (company's pre-tax profit) as well 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 in its strategic challenges. Individual performance is assessed on a yearly basis by reference to the quality of recurring assignments and/or the degree of participation in cross-business projects or strategic/regulatory projects.
- The performance of management functions is assessed on the basis of quantitative criteria, along with qualitative aspects. Quantitative criteria reflect the challenges of developing the management performance sought by investors, while not allowing excessive risk-taking that may have an impact on Dorval Asset Management's risk profile and/or that of the products it manages.

Performances for portfolio management roles are thus assessed using a score derived from annual and multi-annual performances for funds and mandates. A collective and/or individual score is therefore calculated by Dorval Asset Management's Compliance, Internal Control and Risk department for each portfolio management team, using a method that includes up to three components:

- Annual and multi-annual performances.
- Annual and multi-annual rankings as compared with collective management competitors.
- Compliance with annual and multi-annual risk/return ratio figures.

This collective and/or individual score is used as the basis for the quantitative component of portfolio managers' individual variable remuneration, which is then rounded out by a qualitative component. Criteria used for the qualitative component are set on a yearly basis, and for example include contribution to increasing the reliability of a management process, client satisfaction, inflows for funds managed, participation in a cross-business project, support for the development of new expertise, contribution to the development of business efficiency and any other aspects set out in relation to Dorval Asset Management's strategic goals;

- Variable remuneration for Compliance, Internal Control and Risk staff is set independently of the businesses whose operations they are tasked with reviewing and controlling.

Variable remuneration for staff in charge of Compliance, Internal Control and Risk is set by Dorval Asset Management's senior management as part of the overall budget, and on the basis of staff's achievement of objectives, as assessed by their line manager following an individual annual performance review. The variable remuneration system for Compliance, Internal Control and Risk staff is based on qualitative objectives – e.g. team or project management, development of team cohesion, reporting quality, compliance with regulatory, ethics and internal control standards – and is in no way directly related to the performances of staff controlled or profits from the business controlled.

Specific criteria incorporating sustainability risks and sustainable investment goals – social, environmental and governance aspects – must be set for all portfolio management staff.

Performance assessment includes qualitative criteria for all staff categories: these criteria consistently include following regulation and company inhouse procedures on risk management and fulfilment of compliance requirements at Dorval Asset Management.

All quantitative and qualitative goals for each staff category are set out and announced individually at the start of the year.

### **Qualitative aspects of the Remuneration Policy**

The Remuneration Policy covers all aspects of remuneration. It distinguishes between fixed salary, based on an assessment of the skills required for the role, and variable remuneration, which is based on an assessment of certain defined individual and/or collective performance criteria.

Compensation therefore consists of the following main items:

- Fixed salary;
- Collective and individual variable remuneration;
- Incentive measures to retain key staff.

### **Fixed remuneration**

Dorval Asset Management shall maintain a level of fixed remuneration that sufficiently remunerates employees for their work.

Fixed remuneration remunerates the skills, professional experience and degree of responsibility expected in any given position.

The position of fixed remuneration is reviewed periodically to ensure that it is consistent with geographical and professional market practices.

Fixed salaries are reviewed once a year as part of the annual compensation review. Outside that period, only promotions, internal job moves or exceptional changes to individual circumstances may lead to a review.

### **Variable remuneration**

Variable remuneration budgets are defined on the basis of Dorval Asset Management's annual results, as well as qualitative elements, such as the practices of competitor companies, general market conditions at the time the results were obtained and any factors that may have temporarily influenced the business line's performance.

Variable remuneration, where awarded, is paid to reward an annual collective and/or individual performance achieved. Total variable remuneration (including employer contributions) paid to staff and managers is capped at a percentage of the accounting result for the year, before tax and variable compensation including social levies. This percentage is approved by the asset management company's board of directors.

### **Collective variable remuneration**

Dorval Asset Management's collective variable remuneration consists of a profit-sharing scheme, together with a company savings plan (French *plan d'épargne entreprise*, PEE).

This collective variable remuneration has no incentive impact on risk management at Dorval Asset Management and/or the products it manages and does not fall within the scope of the AIFM or UCITS V directives.

We note that Dorval Asset Management has also taken out an "Article 83" policy (French supplementary pension scheme) for its staff to save for their retirement.

### **Individual variable remuneration**

The individual variable remuneration component is flexible and is based on an annual performance review conducted by Dorval Asset Management's management. This review is designed to assess the achievement of qualitative and quantitative goals set at the start of each year and incorporating potential adjustments to take on board all types of risk – both short-term and long-term.

Within the limits of the overall variable remuneration budget, individual variable remuneration is awarded in a discretionary and objective-based manner as part of the annual compensation review, on the basis of an assessment of individual performances and the way in which these performances were achieved. The variable remuneration awarded to employees is affected in the event of inadequate risk and compliance management, or breaches of regulations and internal procedures during the year in question.

Identified staff are subject to specific requirements in relation to risk and compliance rules. Failure to comply with these obligations may result in a partial reduction or elimination of the allocation of individual variable remuneration.

Additionally, in the event that a major sustainability risk materializes – i.e. occurrence of an event or condition in the environmental, social or governance area that would have a material and lasting negative impact on the value of the funds/products managed and previously identified in our non-financial analysis using the "Drivers<sup>1</sup>" model – the amount allocated for overall individual variable compensation may be reduced or even cancelled, together with any deferred instalments of variable compensation previously awarded and in the process of vesting.

In view of the conditions for calculating the variable remuneration budget and indexation principles, the variable remuneration budget and indexation of deferred amounts will automatically decrease in the event of a loss or significant deterioration in results.

There is no contractual guarantee for variable remuneration, except for variable remuneration awarded for a first year of service in connection with an external recruitment in some cases.

"Golden parachute" type schemes are prohibited in work contracts. Payments relating to the early termination of an employment contract are determined in accordance with legal provisions (statutory

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<sup>1</sup> Drivers: Dorval Responsible InVestment, EnviRonmental and Sustainable – inhouse non-financial rating methodology

and contractual remuneration) and the performance of the beneficiary, his/her business line and the management company as a whole over the long term and are designed so as not to reward failure.

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

#### **Key employee loyalty program**

Dorval Asset Management seeks to ensure investors the stability of its most talented employees, or those identified as key members of staff in terms of their commitment or contribution to results.

With this in mind, the company's board of directors approved an employee shareholding program and the principle of this initiative, and agreed on the principle of a free share allocation plan in October 2017.

Key employees may be eligible for the allocation of free shares and/or share ownership, with acquisition subject to conditions of performance, attendance and the absence of unusual behavior that may have an impact on the level of risk for Dorval AM and/or the products it manages. This program aligns key staff's and investors' interests, and is covered by application of the UCITS V and AIFM directives.

Beyond a certain variable remuneration threshold, this program involves investing part of the variable remuneration in a basket of products managed by Dorval AM.

This program is also subject to conditions of attendance and the absence of unusual behavior that may have an impact on the level of risk at Dorval AM and/or the products it manages.

#### **Balance between fixed salary and variable compensation**

Dorval Asset Management guarantees an appropriate balance between the fixed and variable components of total remuneration, and ensures that the fixed salary represents a sufficiently high proportion of total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component. All individual situations where variable compensation equates to more than 100% of the fixed salary and that can be attributed to market practices and/or an exceptional level of responsibility, performance and behavior are listed by the Human Resources department as part of the yearly compensation review.

#### **Set-up applicable to variable compensation paid to identified staff categories**

##### **Identified staff categories and scope**

In accordance with regulation, specific identified staff categories at Dorval Asset Management consist of the following, including senior management: risk-takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk-takers, whose professional activities have a material impact on the risk profiles of the management companies and/or of the products that it manages. These staff are identified depending on their professional activity, their degree of responsibility or their total compensation.

With a view to consistency and harmonization, Dorval Asset Management has decided to apply the mechanism applicable to identified staff to the entire scope of products it manages (mandates and mutual funds).

The following categories constitute identified staff:

- Senior management;
- Chief Operating Officer;
- Head of Multi-Asset Selection Fund;
- Both Wealth Management Directors;
- Chief Compliance Officer;
- Internal Control manager;
- All mutual fund and wealth management portfolio managers;
- Other risk-takers who are in the same remuneration bracket as senior management on the basis of their overall remuneration.

Each year ahead of the annual compensation review, the Human Resources department draws up and sets out the methodology for identifying and sets the scope for identified staff categories at Dorval Asset Management, in coordination with the Chief Compliance Officer. The scope for the entire range of staff identified in this respect is then approved by Dorval Asset Management's senior management and sent to its board of directors, and subsequently presented to the Natixis compensation committee.

In accordance with regulation and to ensure alignment between staff, investors and the asset management company, if variable compensation (including the free share allocation system at the time of allocation) for these identified staff exceeds a certain threshold, it is then partly deferred and partly paid in the form of financial instruments over a period of three years.

Currently, application conditions for deferred compensation are as follows:

- between €200k and €499k: 50% of the amount deferred from the first euro;
- from €500k: 60% of the amount deferred from the first euro.

Thresholds from which variable compensation must be partly deferred may change depending on changes in regulation and inhouse policies. In this case, new thresholds will be submitted to Dorval Asset Management's senior management and the Natixis compensation committee for approval.

Variable compensation is also at least 50% awarded in financial instruments in the shape of cash investments indexed to a basket of products managed by Dorval Asset Management and to the change in pre-tax underlying profit<sup>2</sup> for the year before the year of allocation<sup>3</sup>. The variable remuneration system depends on the role of the employee concerned (CEO, deputy CEOs & CIO, portfolio managers, non-portfolio managers) and is recorded in an inhouse procedure.

Staff with deferred variable compensation are prohibited from using individual hedging or insurance strategies over the entire vesting period.

Similarly, Dorval Asset Management will not pay out variable compensation to the specific identified staff categories via vehicles or methods that facilitate the avoidance of requirements set out in the AIFM and UCITS V directives.

The vesting of the deferred component of variable remuneration is subject to the employee meeting certain conditions relating to attendance (bar job mobility within the Group) and the asset management company's financial performance, as well as the absence of unusual behavior that may have an impact on the level of risk for Dorval Asset Management and/or the products it manages.

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<sup>2</sup> Pre-tax underlying profit, as defined in the French general chart of accounts, minus employee profit-sharing, performance fees and related variable remuneration (10%)

<sup>3</sup> In the event of change in business scope, pro forma profit may be defined

Vesting is also subject to meeting requirements in relation to risk and compliance rules. Failure to comply with these obligations may result in a partial reduction or elimination 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 in the event of dismissal for gross misconduct.

### **Remuneration governance**

The general and specific principles of the Remuneration Policy are set out formally by the Human Resources department.

The Chief Compliance Officer at Dorval Asset Management plays an active role in developing, constantly monitoring and assessing the Remuneration Policy. She is therefore involved in determining the asset management company's overall strategy with a view to promoting the development of effective risk management. With this aim in mind, she takes part in ascertaining the scope for identified staff, and is also responsible for assessing the impact of the variable remuneration structure on portfolio managers' risk profiles.

Dorval Asset Management is a public limited company with a board of directors. This Remuneration Policy is approved by the company's board of directors, in its supervisory capacity.

The general and specific principles, terms for application and figures on the Remuneration Policy, including identified staff and the highest remunerations, are subject to a detailed review from members of Dorval Asset Management's senior management.

Dorval Asset Management set up a compensation committee in 2015, and meetings are held on a yearly basis. It comprises members of Dorval Asset Management's board of directors, the majority of whom – including its Chair – do not hold executive roles at Dorval Asset Management. The CEO and Chief Human Resources Officer at Dorval Asset Management also sit on this committee.

It is tasked with:

- ensuring compliance with remuneration principles applicable to the company;
- supervising (approving, changing, following) implementation of the Remuneration Policy and any changes;
- developing recommendations on fixed and variable remuneration for corporate executive officers and on variable remuneration beyond a certain threshold set in advance by Dorval Asset Management;
- supervising remuneration for managers in charge of risk management and compliance functions;
- assessing the mechanisms implemented to ensure that:
  - the remuneration system takes proper account of all categories of risk, liquidity and the level of assets under management;
  - the policy is compatible with the business strategy, objectives, values and interests of the management company and the products it manages, and those of investors.

In this context, the general and specific principles, compliance of Dorval Asset Management's Remuneration Policy with applicable regulation, terms for application and figures on the Remuneration Policy, including details of identified staff categories and the highest remunerations, are subject to review by the Dorval Asset Management compensation committee, then approved by its board of directors in its supervisory capacity.

Natixis Investment Managers' senior management then submits a summary of data outlined above to Natixis' senior management for approval. Information is subsequently passed on to Natixis' compensation committee, before approval by its board of directors.

Natixis' compensation committee is constituted and acts in accordance with regulation, in terms of both its composition (independence and expertise of its members), and in the performance of its duties. Most of its members – including the Chair – do not hold executive roles at Dorval Asset Management, are outside Natixis and are thus entirely independent.

Remuneration for Dorval Asset Management's Chief Executive Officer is proposed by Dorval Asset Management's compensation committee and then presented to Natixis Investment Managers' senior management and subsequently to the Natixis compensation committee. It is then approved by Dorval Asset Management's board of directors, in its supervisory capacity.

Remuneration for Dorval Asset Management's Chief Compliance Officer is ascertained by Dorval Asset Management's senior management, and is reviewed by the Heads of Risk and Compliance at Natixis Investment Managers as part of the independent reviews carried out by the risk and compliance lines, and is then approved by Dorval Asset Management's compensation committee and Natixis' compensation committee.

All roles allocated to compensation committees and outlined in regulation are conducted in practice by Dorval Asset Management's compensation committee and/or by Natixis' compensation committee.

When allocating variable remuneration, the list of names of those concerned, the amounts allocated, the breakdown between immediate and deferred payment, as well as the proportion in cash and financial instrument equivalents are recorded and filed by the asset management company.

Dorval Asset Management reviews the policy's general principles on a yearly basis and assesses compliance with this policy. A record is kept of this control and revision (cf. chapter 8. Control set-up on variable remuneration).

### **Transparency set-up**

Dorval Asset Management informs its staff and investors in Funds of the main aspects of its Remuneration Policy in a detailed way in its KIID, prospectuses and fund annual reports.

Useful information on the Remuneration Policy is published in the financial statements or in the shape of an independent declaration.

### **Control set-up on variable remuneration**

This policy is set up to minimize risks in this area. The Chief Compliance Officer includes control of implementation of the policy in her yearly program.

Controls conducted by the Chief Compliance Officer involve checking that the Remuneration Policy is established in such a way as to align with the business strategy and long-term goals, values and

interests of the management company and the funds managed, as well as with those of investors, while ensuring sound and stringent risk management.

The Chief Compliance Officer at Dorval Asset Management includes the question of variable remuneration in potential risks of conflicts of interest.

Lastly, Dorval Asset Management's entire Remuneration Policy is subject to an annual centralized and independent review by Natixis Investment Managers' Internal Audit department.

### Compensation paid out for 2019

The total amount of compensation for the year, broken down into fixed salary and variable compensation, paid by the asset management company to its staff and the number of beneficiaries are as follows:

Payroll for 2020	€4,406,032
O/w variable compensation paid for the 2019 performance	€1,550,004
O/w deferred variable compensation awarded for the year 2017 and paid in 2020	€35,885.25
O/w deferred variable compensation awarded for the year 2018 and paid in 2020	€115,654.06
O/w deferred variable compensation awarded for the year 2019 and paid in 2020	0
Total staff involved	29

The total amount of compensation, broken down between senior executives and members of staff at the asset management company whose work has a significant impact on the asset manager's risk profile and/or the risk profile of portfolios:

Payroll for 2020 for all identified staff	€3,844,011
O/w payroll for senior executives	€2,337,264
Total identified staff	14