
Variable remuneration policy

Pursuant to directives AIFM 2011/61 and UCITS V 2014/91, ODDO BHF Asset Management SAS (OBAM SAS) has introduced a remuneration policy to identify and describe the application terms of the variable remuneration policy, in particular the identity of the persons concerned, the setting of governance, the Remuneration Committee and the payment terms of variable remuneration.

1. MANAGEMENT OF THE REMUNERATION POLICY BY THE GOVERNING BODY

The Governing Body of the remuneration policy has the task of drawing up, approving and supervising the remuneration policy. It must ensure in particular that the remuneration policy encourages the alignment of risks taken by its employees with those of the mutual funds managed by the Asset Management Company, those of investors in these funds and those of the Asset Management Company itself.

OBAM SAS has decided that the Governing Body responsible for the variable remuneration policy will consist of members of the Company's Management (currently comprising a Chairman and a deputy CEO). In this regard, the Governing Body is responsible for approving and ensuring compliance with the variable remuneration policy of OBAM SAS, together with the implementation of this policy.

To perform the necessary controls and to make any adjustments, the Governing Body will meet at least once a year to study the remuneration policy of OBAM SAS and consider potential modifications that may be motivated by a regulatory change or by an internal development within OBAM SAS.

In the framework of its analysis of the variable remuneration policy, the Governing Body will be assisted by Group Human Resources to help it implement the variable remuneration policy, together with the Company's and Group's various Control and Audit teams.

The Governing Body will be informed of employees classified as risk takers within the meaning of the regulation and of the practices of the Company and the Group more generally.

2. REMUNERATION COMMITTEE

The ODDO BHF group has decided to have only one Remuneration Committee whose supervisory role covers both entities regulated by the CRD IV directive and those falling within the scope of the AIFM and UCITS V directives. The members of the Remuneration Committee are representatives of the Supervisory Board of ODDO BHF, the parent company of OBAM SAS, and are consequently independent of the Asset Management Company.

1. The Remuneration Committee has the following assignments:

- Draw up recommendations for the supervisory function on the subject of the remuneration of the Governing Body and of employees with the highest remuneration at OBAM SAS,
- Provide assistance and opinions to the oversight function to draw up OBAM SAS' remuneration policy,
- Provide access to both internal and external opinions, independently of opinions provided by or to general management,
- Assist the oversight function with the supervision, development and functioning of the oversight system on behalf of the oversight function,
- Validate the mechanisms adopted (indexation basket) to guarantee that the remuneration system is compatible with the economic strategy, objectives, values and interests of OBAM SAS;
- Potentially evaluate possible scenarios to test the remuneration system's reaction to future external and internal events and make ex-post checks.

2. In the framework of its operations, the Remuneration Committee must:

- Have unrestricted access to all data and information about the oversight function's decision-making process linked to the remuneration policy,,
- Have unrestricted access to all data and information stemming from risk management and the control function,
- Guarantee the sufficient participation of internal control and other competent functions,
- Provide sufficient information about the oversight function on the subject of the activities it performs.

3. CALCULATION OF VARIABLE REMUNERATION

Variable remuneration paid within the Asset Management Company is predominantly calculated in a discretionary manner. As soon as the current year's financial results can be estimated fairly precisely (mid-November), a variable remuneration bucket is calculated, and each manager is asked to propose – in association with the group Human Resources Director – an individual breakdown of this bucket.

This process follows evaluation interviews, which allow managers to discuss with each employee the quality of their professional services in the current year (on the basis of previously set targets) and to set targets for the following year. This evaluation covers both a highly objective dimension concerning the attainment of objectives (quantitative objectives, business development or management's positioning in a specific ranking, and performance fee generated by the fund under management) and a qualitative dimension (the employee's attitude during the year).

It is important to note that a few fund managers may receive a share of the performance fees received by OBAM SAS as part of their variable remuneration. Even so, the calculation of the amount due to each fund manager forms part of the process described above, and no individual contractual formulae exist determining the breakdown and payment of these performance fees.

4. PAYMENT TERMS OF VARIABLE REMUNERATION

All OBAM SAS employees are covered by the application scope of the remuneration policy described above, including

employees who can perform their roles outside France. As such:

1. Regarding the identification of risk takers

OBAM SAS will determine each year the persons classified as risk takers in accordance with the regulation. The list of these employees classified as risk takers will be submitted to the Remuneration Committee and the Governing Body;

2. Regarding the trigger threshold of deferred variable remuneration.

OBAM SAS has set the figure of € 200,000 as the proportionality threshold and the threshold for triggering the deferred payment of a portion of variable remuneration.

Accordingly, all employees, whether they are risk takers or not, who receive variable remuneration below this € 200,000 threshold will receive their variable remuneration immediately.

In contrast, an employee classified as a risk taker and whose variable remuneration exceeds € 200,000 will mandatorily receive a portion of this variable remuneration in a deferred manner, in accordance with the terms set out below. In a bid to ensure consistency within OBAM SAS, a decision has been taken to apply to all the Company's employees, whether they are risk takers or not, the same payment terms for variable remuneration. As such, an employee who is not a risk taker but whose variable remuneration exceeds € 200,000 will receive a portion of this variable remuneration in deferred form, in accordance with the terms set out below.

3. Regarding the payment terms of deferred variable remuneration.

Deferred remuneration will amount to 40% of the entire variable remuneration from the first euro. The indexation tool described below will apply to all this deferred part.

For the highest variable remuneration, a second threshold has been set at € 1,000,000.

Variable remuneration awarded within a given year that exceeds this threshold will be paid, for the part exceeding this threshold, according to the following terms: 40% in cash upfront and 60% in cash in the framework of a deferred payment on the terms set out above. It is important to note that the part

of this remuneration below € 1,000,000 will have been subject to the rules applying to payments exceeding the € 200,000 threshold set out above;

4. Regarding the indexation of deferred variable remuneration and payment in the form of instruments.

To respect the obligation to pay 50% of the variable remuneration in the form of instruments or an indexation portfolio, OBAM SAS will pay 50% of the variable remuneration decided on for the year ending in February of the following year on the basis of the announcement made to employees in December. For the residual 50%, 10% of the amount of the variable remuneration calculated will be paid in July after these assets have been invested in the indexation portfolio over the period from 1 January to 30 June (see below), and the payment of the remaining 40% of variable remuneration will be deferred over a period of three years in accordance with the functioning of the indexation tool.

The Remuneration Committee will also pay particular attention to the employee evaluation process, in particular the use of criteria linked to compliance with the regulation and internal rules.

When an employee leaves the company, the principle is that they should be characterised as a good leaver and that their deferred variable remuneration still invested in the indexation tool should be paid on the agreed dates, respecting the pro rata temporis rate, unless the ODDO BHF Group's Management Board characterises them as a bad leaver.

It is important to note that when the Executive Body characterises an employee as a "good leaver", this characterisation does not rule out a "bad leaver" characterisation in the following years. This characterisation is principally based on the employee's attitude.

5. TERMS AND FUNCTIONING OF THE INDEXATION TOOL

Regarding the indexation of deferred remuneration applicable to all employees of the management company, and in accordance with the commitments made by OBAM SAS, provisions relating to the deferred part of variable remuneration will be calculated in a tool created by OBAM SAS. This tool will consist of a basket comprising the flagship funds of each of OBAM management strategies.

This indexation will not be capped or affected by a cap. Provisions for variable remuneration will therefore fluctuate according to the respective outperformance or underperformance of funds representing the OBAM SAS range relative to the benchmark, when one exists. If no benchmark exists, the absolute performance is applied.

As set out above, this basket will receive the deferred provisions for variable remuneration not paid in the month of February each year. These amounts will be indexed within this basket over the period from January to June of the payment year of the non-deferred part of variable remuneration.

Provisions for deferred remuneration will be calculated in this tool for a period of three years, and deferred variable remuneration will be paid in thirds to the employee at a pace no faster than a pro rata temporis taking into account the indexation effect of this deferred remuneration, as set out above.

6. CONSIDERATION OF SUSTAINABILITY RISKS

The indexing portfolio for the calculation of deferred variable remuneration must include at least 50% of funds with ESG characteristics as clearly mentioned in the prospectus and the DICI of each fund concerned. Secondly, none of the funds in the index basket invests in companies do not comply with the principles of the UN Global Compact and are involved in coal production (more than 5% of turnover) or produce electricity from coal (more than 25% of turnover).

As mentioned above, it has been decided to apply the same terms and conditions of payment of variable remuneration to all employees of the Company, whether or not they are risk takers, and all employees concerned are subject to the same indexation portfolio constraint.

Document updated on 11/02/2025