

Compensation policy

Main applicable regulations:

Pursuant to Directive 2011/61 (the AIFM Directive) and articles 321.125 and 319.10 of the AMF General Regulation, the management company has established a compensation policy that identifies and describes the procedures for operating variable compensation. This policy in particular identifies the persons concerned and sets the governance arrangements, the compensation committee and the payment procedures for variable compensation.

Pursuant to EU Regulation 2019/2088 (SFDR), the compensation policy includes information on how it is adapted to incorporate sustainability risks.

The rules on variable compensation apply to the personnel identified as concerned thereby pursuant to the AMF regulations, namely risk takers and persons with a control function, as well as any employees whose total compensation puts them in the same compensation bracket as Executive Management and risk takers whose professional activities have a significant impact on the risk profile of the company or of the managed funds.

1. Management of the compensation policy by the management body

The Management Body's role in respect of the compensation policy is to approve and oversee the compensation policy. In particular, it must ensure that the compensation policy encourages the alignment of the risks taken by its employees with those of the investment funds managed by the Management Company's management, with those of the investors in those funds and with those of the Management Company itself.

For the purposes of the variable compensation policy, METROPOLE Gestion's Management Body is made up of the members of the Company's Executive Management (currently comprising one Chairman and two Deputy Chief Executive Officers). As such, the Management Body is responsible for approval of and compliance with the variable compensation policy, as well as for its operation.

In order to perform the necessary controls and make any adjustments required, the Management Body meets at least once a year to examine the compensation policy and consider any changes that might be prompted by a change in regulations or a change of conditions within the company or its parent company OBAM SAS.

In its examination of the variable compensation policy, the Management Body will be assisted by the Group's Human Resources department, which provides support with the operation of the policy, and by the various Control and Audit teams of the Company and the Group.

2. Compensation Committee

The ODDO BHF group has decided to have a single Compensation Committee, which oversees entities regulated by the CRD IV Directive as well as those that fall under the scope of the AIFM and UCITS V Directives. The members of the Compensation Committee are representatives of the Supervisory Body of ODDO BHF, the parent company of OBAM SAS, which in turn is the parent company of METROPOLE Gestion. As such, they are independent of the Management Company.

1. The duties of the Compensation Committee are as follows:

- preparing recommendations for the supervisory function on the compensation of the Management Body and of employees who are identified as risk takers or earn compensation within the range for risk takers;
- providing assistance and advice to the supervisory function in drawing up or updating the compensation policy;
- access to internal and external opinions independent of the opinions provided by or to executive management;
- assisting the supervisory function in the supervision, development and operation of the system of supervision on behalf of the supervisory function;
- paying particular attention to the assessment of the mechanisms adopted to ensure that (i) the compensation system takes suitable account all categories and levels of assets under management and (ii) the overall compensation policy is compatible with the economic strategy, objectives, values and interests of the management company, the funds that the company manages and its clients;
- assessing possible scenarios in order to test how the compensation system would react to future external and internal events, as well as performing back-testing.

2. In the course of its work, the Compensation Committee must:

- have unrestricted access to all data and information concerning the decision-making process of the supervisory function and the operation of the compensation system;
- have unrestricted access to all data and information from risk management and the control function;
- ensure the adequate participation of internal control and other competent functions;
- provide adequate information to the supervisory function about the activities performed.

3. Determination of variable compensation

The variable compensation paid within the Management Company is mainly determined on a discretionary basis. Once the results for the current financial year have been estimated with reasonable precision (mid-November), a total budget for variable compensation is set and the various managers are asked to propose – in association with Group HR – how this amount will be distributed between individuals.

This process follows on from the appraisal meeting process, in which managers will already have informed each employee of the quality of their professional performance in the current year (relative to the targets previously set) and set targets for the year to come. This assessment covers both an objective task-fulfilment dimension (quantitative targets, inflows of assets or the ranking of

management performance in a particular class, performance fee generated by the managed fund, etc.) and a qualitative dimension (employee's attitude during the financial year).

4. Payment terms for variable compensation

The compensation policy described below applies to all employees:

a) Identification of risk takers

A list of persons deemed to be risk takers is drawn up in accordance with the regulations. This list is submitted to the Compensation Committee and sent to the Management Body.

b) Threshold for deferred variable compensation

METROPOLE Gestion has set €100,000 as the proportionality threshold and as the threshold that triggers deferred payment of a portion of variable compensation. Employees whose variable compensation is below this threshold of €100,000 will receive their variable compensation immediately, whether or not they are risk takers. However, if an employee is classed as a risk taker and their variable compensation exceeds €100,000, a portion of that variable compensation will be paid on a deferred basis in accordance with the terms set out below. To ensure consistency within the OBAM SAS group, it has been decided to apply the same variable compensation payment terms to all Company employees, whether or not they are risk takers. An employee who is not a risk taker but whose variable compensation exceeds €100,000 will therefore be paid a portion of that variable compensation on a deferred basis, likewise in accordance with the terms set out below.

c) Payment terms for deferred variable compensation

Deferred compensation will be equal to 40% of the total variable compensation, starting from the first euro. The whole of this deferred part will be subject to indexation, as set out below.

In order to comply with the obligation to pay 50% of variable compensation in the form of indexed instruments or an indexed portfolio, METROPOLE Gestion will pay 50% of the variable compensation set for each year in February of the following year, based on the announcement made to employees in December. Of the remaining 50%, 10% of the set variable compensation amount will be invested in the indexation portfolio from the start of January to the end of June (see below) and then paid in July, while the remaining 40% of variable compensation will be deferred over a three-year period and will be subject to the operation of the indexation tool.

The Compensation Committee will also pay specific attention to the employee evaluation methods and, in particular, to the use of criteria related to compliance with the regulations and internal rules in force.

If an employee leaves the company, they will generally be classed as a "good leaver" and any deferred variable compensation due to them that remains invested in the indexation tool will be paid to them on the agreed dates on a pro rata basis, unless the General Management Committee of the ODDO Group deems the person to be a "bad leaver".

Note that if the Executive Body classes an employee as a "good leaver", they may nevertheless be classed as a "bad leaver" in subsequent years. Whether a leaver is classed as "good" or "bad" is mainly related to the employee's attitude.

5. How the indexation tool works

In accordance with the undertakings given by the company, and in line with the rules of its parent company, provisions for the deferred portion of variable compensation will be calculated in a tool developed by METROPOLE Gestion. This tool will consist of a basket of funds representative of the strategies followed by the management company.

Indexation will not be subject to any cap or floor. Variable compensation provisions will therefore fluctuate in accordance with the relative outperformance or underperformance of the funds in METROPOLE Gestion's range compared with the benchmark (where such exists). If there is no benchmark, absolute performance is used.

As set out above, this basket will cover the provisions for the deferred variable compensation that is not paid out in February of a given year. These amounts will be indexed in accordance with the basket for the period from January to June of the year in which the non-deferred portion of variable compensation is paid.

Provisions for deferred compensation will be calculated within this tool for a period of three years and deferred variable compensation, duly indexed as described above, will be paid to the employee in three instalments on a basis that shall be no faster than on a pro rata basis.

The tool will be maintained by the reporting department, which will calculate the annual outperformance or underperformance of the underlying funds relative to their benchmark, based on a portfolio set in advance by the Management Body, i.e.:

- ODDO BHF METROPOLE Selection: 50%
- ODDO BHF METROPOLE EURO SRI: 50%

If a fund disappears or merges with another fund, a new grid will be drawn up.

The calculations will be sent to the Compliance and Internal Control Manager (RCCI). The Compliance and Internal Control Manager will email the calculations to the Finance department and Human Resources department. The latter will process the impact of the annual outperformance or underperformance.

No changes may be made to the basket after 30 September of each year except in the event of force majeure (disappearance or merger of a fund).

6. Consideration of sustainability risks

To take account of the regulatory requirements on the integration of sustainability risks, whereby the compensation policy must take account of the need to incorporate sustainability risks into investment strategies, all (100%) of METROPOLE Gestion's variable compensation indexation basket is based on funds with ESG characteristics, as stated in the prospectus and KIID of the funds concerned. Moreover, no fund in the indexation basket invests in companies that are not compliant with the principles of the UN Global Compact or are involved in the production of coal (more than 5% of revenue) or the production of electricity from coal (more than 25% of revenue).

- Given that, as mentioned above, that it has been decided to apply the same procedures for payment of variable compensation to all Company employees, whether or not they are risk takers, the operation of the indexation basket applies equally to all employees.

7. Communications

Employees are notified of the rules relating to compensation when they join the company. Moreover, all employees have access to this policy.

Each year, the funds' annual report describes the compensation policy and any changes thereto.

On the management company's website: the compensation policy is published on the website www.oddo-bhf.com (under METROPOLE Gestion / Regulatory information).

In the KIIDs for UCITS: the following wording must be included: "Details of the compensation policy are available on the management company's website (www.oddo-bhf.com) in the METROPOLE Gestion section. Investors may also obtain a printed version from the management company on request."