

REMUNERATION POLICY

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LA FRANÇAISE

Crédit Mutuel Alliance Fédérale

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Preamble

The La Française Group (hereinafter "**La Française Group**" or "**The Group**" or "**La Française**") is the asset management division of Crédit Mutuel Alliance Fédérale. The Group is a 100% shareholder in six asset management companies (hereinafter referred to as the "**Management Companies**") specialising in specific business lines and a class 2 investment company (hereinafter referred to as the "**Investment Company**") responsible for distributing their products, with a strong cross-business organisation focused on its clients.

This remuneration policy (hereinafter referred to as the "**Policy**") forms part of the remuneration principles of the Crédit Mutuel Alliance Fédérale Group and its constituent companies, details of which can be found in Annex 1.

In accordance with the Law 2016-1691 of 9/12/2016 on transparency, the fight against corruption and the modernisation of economic life, no one may be subject to discriminatory compensation measures for reporting wrongdoing.

The Policy replaces the previous remuneration policies and practices of the La Française Group and its constituent companies, taking into account the laws, regulations and regulations applicable respectively to the Management Companies and the Investment Company:

- In accordance with the provisions of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the "**AIFM Directive**") and Directive 2014/91/EU **relating to undertakings for collective investments in transferable securities (the "UCITS V Directive")**, and European Regulation 2019/2088 on the publication of information on sustainability, the Management Companies undertake to establish, implement and maintain remuneration policies, procedures and practices enabling the promotion of sound and efficient risk management, which constitutes one of the pillars of their strategy.

In accordance with Article 27 to Delegated Regulation 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms ("**MiFID 2**") and the definition of certain terms for the purposes of said directive, the Management Companies shall develop and implement remuneration policies and practices through appropriate internal procedures which take into account the interests of all the firm's customers, in order to ensure that customers are treated fairly and that their interests are not adversely affected by the remuneration practices adopted by the firm in the short, medium or long term. In addition, the Policy is drawn up in such a way as not to create any conflict of interest or incentive likely to lead the persons concerned to favour their own interests or the interests of the company to the potential detriment of any customer.

In accordance with Directive 2019/2034 on the prudential supervision of investment firms and the list of texts and documents in Annexes I and I bis, the Investment Firm undertakes to establish and maintain remuneration policies and practices for categories of staff whose professional activities have a significant impact on its risk profile, ensuring compatibility with effective and sound risk management.

With this in mind, the Policy has been drawn up on the basis of the documents in Annex II.

1. Definitions

"Supervisory Board": means the Supervisory Board of the Group or one of the Group companies, as the case may be.

"General Management": means the General Management of the Group.

"Executive Committee": means the Group's executive committee.

"Appointment and Remuneration Committee": means the Group's Appointment and Remuneration Committee.

"Internal Regulations": mean the internal regulations of the Group Appointment and Remuneration Committee which, in particular, detail its composition and operating procedures.

"Identified Staff":

For the Management Companies, "Identified Staff" designates the following persons, where their professional activities have a substantial impact on the risk profiles of the Management Companies or the AIFs or UCITS they manage:

- Managers;
- Members of the General Management;
- Risk takers i.e. members of staff in key positions with significant influence on investment decisions and risk management;
- Persons exercising a control function;
- Persons placed under the authority of the Management Companies who, in view of their total remuneration, are in the same remuneration bracket as members of the General Management and risk-takers.

For the Investment Company, "Identified Staff" means the categories of staff whose professional activities have a significant impact on the institution's risk profile, namely:

(a) all members of the management body and the general management:

(b) members of staff with managerial responsibility for the institution's control functions or significant business units;

(c) members of staff who were entitled to significant remuneration in the previous financial year, provided that the following conditions are met;

(i) the remuneration of the member of staff in question is equal to or more than EUR 500,000 and equal to or more than the average remuneration granted to the members of the institution's management body and senior management referred to in point a);

(ii) the member of staff in question carries out the professional activities in a significant business unit and these activities are such as to have a significant impact on the risk profile of the business unit in question.

You will find an exhaustive list of these staff members in Annex III of the Policy.

2. Objectives of the remuneration policy

The Group shall also ensure that the Policy and its implementation are consistent with its business strategy, objectives, values and long-term interests as well as those of its current and potential customers. The integration of sustainability risks into remuneration policy and practices is detailed in Annex VI.

In this context, the Remuneration Policy is based on and implements the following principles:

Fairness: The Group shall ensure compliance with a Policy that is a source of value and motivation for its teams, and it makes sure that said remuneration is allocated fairly for equivalent positions and responsibilities. The equal opportunities principle holds sway both during recruitment and for the full duration of the employment contract. More specifically, this relates to equal pay between men and women.

Alignment of interests: the Policy actively contributes to attracting new talent, retaining and motivating employees, and ensuring the long-term performance of La Française in the interests of its customers, shareholders and employees.

Performance enhancement combined with risk control, in compliance with applicable regulations: the total amount of remuneration must not obstruct the ability of La Française to strengthen its equity capital. The variable remuneration package allocated to the employees concerned must be consistent not only with the individual objectives assigned to them, but also with the objectives of the department to which they belong.

La Française attaches particular importance to annual individual assessments of skills and qualitative and quantitative performance and their inextricable link with remuneration raises. La Française is committed to consistently promoting performance by taking into account risks and the achievement of ambitious individual and collective performance objectives when determining remuneration, without encouraging inappropriate behaviour, and with a view to respecting the Group's values.

La Française has made the philosophy of aligning results and remuneration one of its priorities. The lack of results, or unsatisfactory results, may result in the reduction or removal of variable remuneration.

La Française is committed to ensuring that the remuneration system is subject to established corporate governance and strict compliance with procedures, internal regulations, social legislation and financial sector legislation.

In this context, the Policy has been developed to take into account, among other things, the main texts listed in Annex II.

3. Governance of remuneration

3.1. General provisions

The Policy takes into account the general organisational and operational requirements of the Group companies, along with their type, scope and the complexity of their businesses.

The Policy promotes sound and efficient risk management and does not encourage any risk taking that would be incompatible with the risk profiles, regulations and instruments of incorporation of the AIFs or UCITS managed by the Management Companies.

3.2. Role of the General Management

The Policy is regularly reviewed by General Management during strategic and/or structural changes as part of the development of the Group companies and at least once a year.

The General Management is also responsible for the implementation of the Policy. At least once a year, the implementation of the Policy is subject to internal, central and independent assessment as carried out by the Group Appointment and Remuneration Committee.

3.3. Role of the La Française Group Supervisory Board

The Group's Supervisory Board is responsible for supervising and adopting the implementation of the Policy. During the course of its duties, it is assisted by the Group Appointment and Remuneration Committee, which each year sends it a remuneration report. Assistance is also provided by the control and compliance managers and the Human Resources Department.

3.4. Role of the Supervisory Board at each Group company

The Supervisory Board at each Group company ensures that the Policy and its implementation are reviewed and approved at least once a year.

3.5. Role of the Appointment and Remuneration Committee

The role of the LFG Appointment and Remuneration Committee is to determine and implement the necessary actions to ensure that the business line complies with its regulatory obligations in this field. It reports on its work to the LFG Supervisory Board, which will submit it to the Crédit Mutuel Alliance Fédérale umbrella Appointment and Remuneration Committee for approval.

In addition to overseeing the calculation of the *bonus pool*, the LFG Appointment and Remuneration Committee proposes the remuneration of the members of the La Française Group Management Board, the heads of the business lines, and the heads of the control departments (i.e. the head of the Internal Control and Compliance Department, the Risk and Reporting Department, the Real Estate and Non-Core Risks Department, and the Risk Management and Operational Risks Department). These proposals are submitted to the Crédit Mutuel Alliance Fédérale umbrella Appointment and Remuneration Committee for approval.

The recommendations of the LFG Appointment and Remuneration Committee are in line with the Crédit Mutuel Alliance Fédérale guidelines on the management of remuneration (personal and collective) and careers of members of the CODIR-COMEX.

The composition and operation of the Appointment and Remuneration Committee are detailed in the internal regulation.

3.6. Role of the control and risk monitoring functions

3.6.1. Composition of the control and risk monitoring functions

The managers in charge of control and risk monitoring functions are currently the following:

- The Head of Risk, Compliance and Internal Control, listed assets
- The Head of Listed Asset Risks
- The Head of Compliance and Internal Control, listed assets
- The Head of Risk, Compliance and Internal Control, unlisted assets
- The Head of Unlisted Asset Risks
- The Head of Compliance and Internal Control, unlisted assets
- The Head of Risk Management and Operational Risks, DPO
- The Head of Distribution & Cross-functional Legal and Compliance
- The Head of Distribution & Cross-functional Legal and Compliance Division
- The Heads of Compliance and Internal Control (RCCI), the Head of Compliance and Investment Services (RCSI)

3.6.2. Role of the control and risk monitoring functions

The risk control and monitoring functions are involved in the process of reviewing variable remuneration, and more specifically the Identified Staff.

More specifically, the risk control and monitoring functions contribute to:

- the process of identifying Identified Staff, both in respect of the relevant business lines and, within them, the identification of the individual positions concerned;
- the consideration of the methods used to determine the variable remuneration allocations by ensuring that the various risks, including sustainability risk, are taken into account as well as the maintenance of the Group companies' capacity to strengthen their own funds if necessary;
- the assessment of risk management and operational compliance, including sustainability, by the teams/employees concerned, particularly with regard to risk takers.
- the development of deferred variable remuneration schemes, as well as the determination of any criteria for penalties.

The risk control and monitoring functions forward their proposals to the Appointment and Remuneration Committee, which ensures that risk control and compliance opinions are taken into account.

3.7. The role of the Human Resources Department

La Française Group Human Resources Department takes part in the development and regular review of the Remuneration Policy and contributes as follows:

- it monitors the competitiveness of the Remuneration Policy on the various labour markets in which the Group is present;
- it guides the process of defining annual individual remuneration and the assessment process;
- it analyses remuneration with regard to the achievement of quantitative and qualitative objectives.

3.8. The role of periodic controls

At least once a year, the implementation of the Remuneration Policy is subject to independent assessment, carried out either by Crédit Mutuel Alliance Fédérale's periodic control department, or by an external third party specialising in the field.

4. Principles relating to the determination and payment of remuneration

Some remuneration principles apply to all staff working for the La Française Group (4.1.). However, other principles apply to Identified Staff only (4.2.).

4.1. Principles applicable to all staff working for the La Française Group

4.1.1. Scope of the concept of remuneration

For the purposes of the Policy, the remuneration applicable to all the staff of the La Française Group is made up of at least one fixed portion that remunerates the employee's capacity to perform his role in a satisfactory manner.

However, the fixed remuneration of some members of staff may be supplemented with a variable portion which is intended to recognise the individual performance of the relevant staff member, their contributions and their behaviour, the performance of the operational unit to which they belong and the overall results of the Group companies.

In general, an appropriate balance is established between the fixed and variable portions of the employee's overall remuneration, when the latter receives variable remuneration. In any event, the fixed portion shall represent a sufficiently high proportion of the overall remuneration that a fully flexible policy can be applied to the variable portion, including maintaining the possibility of reducing the variable portion and of said portion being reduced to zero in certain circumstances. Moreover, staff remuneration is intended to be motivational while falling within the market average.

The Policy is determined in such a way as to avoid any conflicts of interest and to prevent risk taking which is considered excessive or incompatible with the interests of the clients of the Group.

There is no direct link between the remuneration of the staff of the companies primarily carrying out a particular activity and the remuneration of other persons primarily carrying out another activity, or the income generated by these other persons, when a conflict of interest is likely to arise in connection with such activities.

4.1.2. Principles applicable to the fixed portion of remuneration

The fixed portion of an employee's remuneration takes into account their position and the scope of their responsibilities, in compliance with the rules of employment law relating to the equal treatment of employees. It is also intended to reflect the employee's level of experience, the employee's degree of expertise, the employee's commitment and the employee's own knowledge.

The fixed portion of remuneration is made up of the following elements, where required taking into account any applicable collective agreements: a fixed monthly salary paid in cash, profit-sharing and participation bonuses, any additional fixed salary or bonus to compensate for relocation abroad and, where applicable, any benefit in kind (company vehicles, etc.) and pension schemes which is neither discretionary nor performance-based.

The fixed portion of remuneration is subject to annual review but will not necessarily be changed following such a review. The increase in fixed remuneration, as well as decisions relating to the promotion of employees, must take into account performance in terms of risk and compliance.

4.1.3. Principles applicable to the variable portion of remuneration

Certain employees may be granted a variable portion of remuneration according to their contribution to the performance of the Group.

In addition, variable remuneration may be granted provided that the member of staff does not leave the company for a predefined period (retention bonus).

The aim of the variable portion of remuneration is to encourage employee involvement and loyalty by recognising quantitative and qualitative performance, particularly in terms of compliance and risk management.

Variable remuneration rewards the employee's performance for the year, but it is also, through the attendance requirement, an element of employee retention that contributes to the long-term performance of the La Française Group.

The performance of funds managed by a Management Company is taken into account in the calculation of the bonuses of the managers of said Management Company: if applicable, the performance of the funds, restated for direct management fees and any other fees, are compared with their risk-adjusted benchmarks as well as their general ranking or peer group. Each manager is then assessed on the basis of the average ratings of the funds for which they are responsible.

The assessment of the performance of the Identified Staff of the Management Companies is part of a multi-year framework adapted to the life cycle of the funds managed by the Management Company, in order to ensure that it relates to long-term performance. Performance measurement therefore incorporates all types of current and future risks.

The variable remuneration for the current financial year is paid in March of the following year and is therefore subject to a condition of continued employment throughout the financial year, i.e. until 31 December.

Female employees on maternity leave will continue to receive their bonus calculated on the basis of the average bonus received over the last three years (unless a significant performance issue is observed).

Paternity leave will not affect the calculation of the annual bonus.

La Française Group does not apply a discount rate to variable remuneration.

Please note that staff working in control positions who are to be allocated a variable portion of remuneration will be remunerated according to the achievement of the objectives linked to their roles, regardless of the performance of the companies under their supervision.

This is ensured by the Appointment and Remuneration Committee, in particular when determining the objectives of the employees concerned, in consultation with their manager.

4.1.3.1. Prerequisites to the allocation of the variable portion of remuneration

The allocation of the variable portion of remuneration for the financial year in question is determined based on the qualitative and quantitative criteria listed in Annex IV and the payment of deferred amounts is subject to compliance with the condition that an ex post facto risk adjustment measure exists and may be applied, as detailed in 3.2, where applicable.

4.1.3.2. Determination of the amount of the variable portion of remuneration

The variable portion of remuneration that may be awarded to an employee will be revealed at the end of March of the following financial year (N+1) at the earliest, once the accounts for the financial year concerned (N) have been closed.

The payment in cash of the variable portion of remuneration shall be deemed to constitute a salary.

4.1.3.3. General principles

- **The “bonus pool” or “collective bonus” system**

The Group companies have opted for a global variable remuneration package known as a “bonus pool”, simultaneously aggregating the annual performance of each company and the business line of the Group to which they belong. The calculation of this “bonus pool” is based on the Group's consolidated Gross Operating Income (GOI).

The allocation of this “bonus pool” is distributed on a discretionary basis within each business line according to the collective objectives set. The “bonus pool” allocation is then distributed to each employee based on the achievement of the objectives set.

The total sum of the bonuses paid may not in any way exceed the envelope of the LFG *bonus pool*.

The variable portion due to the relevant employee will be determined on the basis of both quantitative and qualitative criteria (Annex IV).

The allocation of a guaranteed variable portion of remuneration is exceptional, applies as part of the recruitment of a new employee and is limited to the first year of employment.

- **Maximum proportion of the variable portion of remuneration (internal rule)**

Individually, the proportion of the variable portion of remuneration for the employees concerned added to the fixed portion may reach a maximum limit set by the Appointment and Remuneration Committee.

The variable portion of the total remuneration may not exceed the amount of the fixed portion of this remuneration. By decision of the Supervisory Board of the respective company, this may be increased to twice the amount of the fixed remuneration. Decisions to pay out the maximum amount must be linked to exceptional performance at both entity and personal level.

4.1.3.4 Quantitative/qualitative criteria for the performance assessment

The quantitative and qualitative criteria for assessing performance depend on the position occupied by the employee.

The quantitative (financial) and qualitative (non-financial) criteria are evaluated on a multi-year basis, at the level of the entity, the department concerned and the employee.

The quantitative criteria cover a sufficiently long period of time to allow for a proper understanding of the risks associated with the employee's activity.

Qualitative criteria are, for example, the degree of customer satisfaction or the employee's strict compliance with internal rules. They also reflect the involvement of employees in the development and deployment of the AML/CFT system.

Quantitative and qualitative criteria are weighted to provide adequate incentives for the employee over the long term. To this end, a common risk management and compliance objective for all employees is assessed separately for each employee.

The criteria are listed in Annex IV of this remuneration policy.

4.1.4 Annual compensation review procedures

The conclusions of the annual compensation review is communicated by General Management to each member of the Executive Committee and to the Business Managers in guidelines, to which is attached the retro-planning of the decision-making process.

The members of the Executive Committee and the Business Managers formalise their remuneration proposals for their teams within the framework of the defined Policy.

These proposals are carefully examined by the General Management and the Human Resources Department, who ensure that the defined principles are respected.

If the General Management deems it necessary, adjustments may be requested. This process is triggered at the beginning of January and should be complete by the end of March, each financial year.

4.2. Principles applicable to Identified Staff

All employees are included in the remuneration process detailed in paragraph 3.1 of the Policy.

The Group has instituted specific rules applicable to the variable portion of the remuneration of certain functions and employees whose activity is likely to have an impact on the risk profile of the Group companies. The identification process as well as the justifications for decisions to include or remove employees from these lists are duly documented.

The list of Identified Staff is reviewed annually and following the recruitment of any new employee.

The list of Identified Staff is attached to the Policy (Annex III).

In addition, the average total remuneration of all members of the management body and of the General Management is calculated by taking into account the total fixed and variable remuneration of all members of the management body in its executive function and in its supervisory function, as well as all staff belonging to the executive management, i.e. natural persons who perform executive functions and who are responsible for the day-to-day management of one of the Group's companies to the

management body and who are accountable to the management body for such management. Members of the management body and General Management must not set their own remuneration. The Group's Supervisory Board is responsible for supervising and determining the latter.

4.2.1 Applicable measure for the variable portion of remuneration for Identified Staff

4.2.1.1 Management Companies

For members of Identified Staff at the Management Companies, the measure applicable to the variable portion of remuneration shall not apply if the total amount of this variable remuneration falls below or equal to the threshold of 100 thousand euros set by the Appointment and Remuneration Committee.

For Identified Staff, and subject to the requirements of employment law or the application of the principle of proportionality, the system applicable to the variable portion of compensation is as follows:

a) Variable portion allocated in the bracket [0; € 100,000]:

variable remuneration up to € 100,000, awarded for the previous financial year N, will be fully paid in cash at the end of March N+1,

Variable remuneration greater than € 100,000 shall be subject to the measures described below.

These conditions are applicable from the 1st euro.

b) Variable portion allocated in the bracket > € 100,000 under financial year N:

for all variable remuneration greater than € 100,000, the first 50% will be paid in cash at the end of March N+1. The remaining 50% (Deferred Portion) will be acquired progressively and in stages over three periods of one year each, as follows:

- **First vesting period beginning on 1 April in year N+1 and ending on 31 March in year N+2:** the gross amount of variable remuneration for financial year N, acquired at the end of this period¹ corresponds to the proceeds of one-third of the Deferred Portion multiplied by the indexing factor.
- **Second vesting period beginning on 1 April in year N+2 and ending on 31 March in year N+3:** the gross amount of variable remuneration for financial year N, acquired at the end of this period¹ corresponds to the proceeds of one-third of the Deferred Portion multiplied by the indexing factor.
- **Third vesting period beginning on 1 April in year N+3 and ending on 31 March in year N+4:** the gross amount of variable remuneration for financial year N, acquired at the end of this period¹ corresponds to the proceeds of one-third of the Deferred Portion multiplied by the indexing factor.

4.2.1.2 Investment firm

¹Subject to (i) the ongoing employment of the relevant Identified Staff by the Company or the Group on this date, and (ii) the non-application of an ex post facto risk-adjustment measure in accordance with the principles set out in section 3.2.3.

For members of Identified Staff at the Investment Firm, the measure applicable to the variable portion of remuneration shall not apply if the total amount of this variable remuneration falls below or equal to the threshold of 50 thousand euros set by the Appointment and Remuneration Committee.

a. Variable portion awarded below the threshold set by the Appointment and Remuneration Committee

The variable remuneration of a maximum of EUR 50,000 attributable to the past financial year N, will be paid in full in cash at the end of March N+1.

Variable remuneration greater than EUR 50,000 shall be subject to the measures described below. These conditions are applicable from the first euro.

b. Variable portion awarded above the threshold set by the Appointment and Remuneration Committee for the financial year N:

For any variable remuneration exceeding EUR 50,000, the first 60% will be paid in cash at the end of March N+1. The remaining 40% (Deferred Portion) will be acquired progressively and in stages over four periods of one year each, as follows:

- **First vesting period beginning on 1 April in year N+1 and ending on 31 March in year N+2:** the gross amount of variable remuneration for financial year N, acquired at the end of this period¹ corresponds to one-fourth of the Deferred Portion multiplied by the indexing factor.
- **Second vesting period beginning on 1 April in year N+2 and ending on 31 March in year N+3:** the gross amount of variable remuneration for financial year N, acquired¹ at the end of this period corresponds to one-fourth of the Deferred Portion multiplied by the indexing factor.
- **The third vesting period beginning on 1 April in year N+3 and ending on 31 March in year N+4:** the gross amount of variable remuneration for financial year N, acquired¹ at the end of this period corresponds to one-fourth of the Deferred Portion multiplied by the indexing factor.
- **The fourth vesting period beginning on 1 April in year N+4 and ending on 31 March in year N+5:** the gross amount of variable remuneration for financial year N, acquired at the end of this period¹ corresponds to one-fourth of the Deferred Portion multiplied by the indexing factor.

Given that:

- The indexing factor represents the performance of a basket of funds or investment products over the indexing period. This performance will be equal to the equally-weighted average of the performance of the funds chosen, it being considered that the performance of a fund relates to the objective listed in its prospectus or a reference.
- "Basket of Funds or investment products" refers to an AIF and UCITS basket whose composition is decided by each of the Management Companies for each financial year N.
- For LFFS, the indexation factor exclusively takes into account the company's financial results
- Under no circumstances may the application of the indexation factor result in an increase in the deferred fraction.

The deferred payment is only due to the employees actually present in the company at the time of the payment. However, the deferred payment will also be maintained, even if the presence condition is not met, in the following cases:

- in the event of death (payment to beneficiaries) or disability that no longer allows the employee to perform his/her work;
- in the event of a change in profession at Crédit Mutuel Alliance Fédérale;
- in the event of retirement, whether voluntary or compulsory;

In the event that the departure is forced and linked to serious misconduct or gross negligence, the components of post-departure remuneration may be reduced or eliminated, in particular by application of the provisions applicable to Group companies (Article L. 533-30-13 of the French Monetary and Financial Code for the Investment Company and L. 533-22-2 IV. of the same code for Management Companies).

If, however, an employee received particularly high variable remuneration (exceeding €500,000), then the first portion paid in cash at the end of March N+1 would be 40% and the remaining 60% would be spread over four periods of one year each.

Specific case of members of the Management Board of La Française Group and managers of companies (Management Companies, Investment Firms): for all variable remuneration greater than €50,000, the first 25% will be paid in cash at the end of March N+1. The remaining 75% (Deferred Portion) will be progressively vested over six periods of one year:

4.2.2 Control functions

The variable remuneration covering the staff members responsible for control functions is determined directly by the Group Appointment and Remuneration Committee. The fixed remuneration portion is preferred for control functions. A fully independent performance assessment is carried out with regard to the variable part of their remuneration. More specifically, in order to avoid conflicts of interest, the performance assessment for control functions is based primarily on non-financial criteria.

As such, the performance is assessed based on primarily qualitative objectives that are specific to the function performed. As a general rule, unless variable remuneration is reduced due to poor results at the Group, variable remuneration for control functions will be unrelated to the company's economic results.

4.2.3. Ex-post risk adjustment mechanism

Vesting or payment of the deferred portion of variable remuneration is never guaranteed. It is also subject to compliance with the conditions applicable during the entire deferral period.

The vesting or payment of the deferred portion of variable remuneration, in whatever form, is subject to the fulfilment of conditions based on criteria linked to results of Group companies, related to compliance with the risk management and compliance framework, the activity of the business unit and, where applicable, individual criteria, as well as a condition of presence. These conditions are set by the Appointment and Remuneration Committee on an annual basis and are explicitly specified to the employees in question when this remuneration is allocated.

In addition, certain behaviours may give rise to the application of a penalty or restitution mechanism.

4.2.3.1 Penalty scheme

The term "penalty" refers to a reduction in the variable remuneration to be awarded to an employee. A penalty is only applicable to the employees concerned (Identified Staff).

Any behaviour deemed unacceptable and/or which may expose the Group companies to abnormal and significant risk, including in terms of sustainability, may justify the application of a penalty.

This assessment is implemented on the basis of applicable quantitative/qualitative criteria and is adapted to the functions performed by Identified Staff. These criteria are clearly communicated to Identified Staff. The various behaviours giving rise to a possible penalty are identified and monitored by the control functions, with the assistance of the Human Resources Department (see Annex V).

4.2.3.2 Restitution mechanism

In certain particularly serious circumstances as determined by the Appointment and Remuneration Committee and in accordance with the applicable legislation and regulations (in particular the provisions of Law No. 2019-486 of 22 May 2019 on the growth and transformation of companies, known as the Pacte Law for Management Companies, and Directive 2019/2034 of 27 November 2019, concerning the prudential supervision of investment firms as transposed into French law for Investment Firms), a contractual agreement may be concluded between an employee and each management company by which the former agrees to return the ownership of an amount of remuneration to the latter. If this restitution results from risks taken, it is a form of ex post risk adjustment.

Furthermore, this practice is only applicable in cases of (i) fraudulent behaviour and/or intentional violation of risk monitoring rules, including sustainability risks, (ii) not detected before or at the time of the granting of the variable part of remuneration for the financial year in question and (iii) having directly caused losses that exceed the materiality thresholds set. The different types of behaviour giving rise to the application of a restitution mechanism are identified and monitored by the control functions, with the assistance of the Human Resources Department (see Annex V).

Finally, in the event that a penalty or restitution mechanism is applied to an employee, the Appointment and Remuneration Committee reserves the right to examine whether it would be appropriate to apply it to a wider group, in particular to people whose responsibilities include the areas in which the events in question crystallised.

5 Severance pay / replacement remuneration / guaranteed variable remuneration

Subject to applicable legal, regulatory and/or contractual provisions, payments related to the early termination of an employment contract are designed not to reward failure.

Discretionary payments (i.e. payments beyond the legal or conventional indemnities due according to the mandatory provisions of employment law), linked to the early termination of an employment contract or mandate, will in no case be contractually fixed in advance (e.g. prohibition of golden parachutes). They are determined at the time of the employee's departure, taking into account the beneficiary's performance, assessed in the light of the collective performance of their business and of the given company as a whole and are similar to variable remuneration.

In the event of guaranteed variable remuneration in the context of the recruitment of a new employee, this will be granted on an exceptional basis and will be limited to the first year of employment. In the

event that the guaranteed variable remuneration is intended to compensate for remuneration forfeited by the new employee, the terms and conditions of this remuneration, beyond a certain amount and/or a certain level of seniority of the employee, must be similar to the forfeited remuneration.

6 Cases with service providers

As part of their activities, the companies use service providers who are themselves subject to MiFID 2 (delegated management, distribution, etc.).

In this context, the companies ensure that the remuneration policy of external service providers with whom they may work in connection with the provision of investment services complies with the principles applicable to remuneration policies and practices arising from MiFID 2.

7 Amendments to the Policy

The Appointment and Remuneration Committee shall re-examine and rule on the various elements of the Policy each year.

It submits all its work to the General Management and the Supervisory Board of each company, which approve the Policy and its implementation for the fiscal year.

8 Non-circumvention of the Policy

Staff members shall undertake not to use personal hedging strategies or assurances relating to remuneration or responsibilities in order to pre-empt the occurrence of alignment over the risk involved in its remuneration agreements.

The Management Companies shall not pay the variable portion of remuneration to the relevant employees by means of instruments or methods that circumvent the requirements of the AIFM and UCITS V Directive. The General Management of each management company shall guarantee compliance with this principle.

9 Publication of the Policy

9.1 Internal publication

The Remuneration Policy is made available to employees on the La Française Group Intranet network. Employees are also informed of the policy and of any relevant modification concerning them by their superiors.

9.2 External publication

The Remuneration Policy is available on the La Française Group website.

ANNEX I: list of La Française Group companies subject to this remuneration policy

- Management companies approved by the French Financial Markets Authority (AMF), namely:
 - o Crédit Mutuel Asset Management
 - o Crédit Mutuel Gestion
 - o La Française Real Estate Managers and its branches
 - o CIC Private Debt

- The Luxembourg management company approved by the Commission de Surveillance du Secteur Financier (CSSF)
 - o Cigogne Management

- The German management company authorised by the German Federal Financial Supervisory Authority (BAFIN)
 - o La Française Systematic Asset Management

- An investment firm authorised by the French Prudential Supervisory and Resolution Authority (ACPR)
 - o La Française Finance Services and its branches

ANNEX II: List of texts and documents forming the basis for the Remuneration Policy

European regulations

- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers;
- Directive 2014/91/EU amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as regards depositary functions, remuneration policies and sanctions;
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
- Directive 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms
- Commission Delegated Regulation 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and definitions of certain terms for the purposes of said directive;

Commission Delegated Regulation 2021/2154 of 13 August 2021, supplementing Directive (EU) 2019/2034 of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria for identifying categories of staff whose professional activities have a significant impact on the risk profile of an investment firm or the assets it manages;

- Guidelines relating to remuneration policies applicable to alternative investment fund managers (ESMA/2013/232) published on 3 March 2013 and subsequently amended;
- Guidance on certain aspects of MiFID II remuneration requirements (ESMA35-43-3565)
- Guidelines 2016/411 of ESMA of 31 March 2016 entitled “Guidelines relating to remuneration policies applicable under the UCITS V and AIFM directives”;
- Guidelines on good remuneration policies under the Directive on undertakings for collective investment in transferable securities (ESMA/2016/575-FR) published on 14 October 2016; and
- EBA Guidelines 2021/13 on sound remuneration policies under Directive 2019/2034
- Regulation (EU) 2019/2088 of 27 November 2019 on the publication of information on sustainability in the financial services sector
 - Regulation (EU) 2019/2088 of 27 November 2019 on the publication of information on sustainability in the financial services sector
 - Guidance on certain aspects of MiFID II remuneration requirements (ESMA35-43-3565)

French regulations

- The Monetary and Financial Code and the AMF General Regulations;
- AMF Position n°2013-11 relating to remuneration policies applicable to AIF managers dated 14 August 2013;
- Guide to the remuneration of AIF managers published by the AMF on 2 August 2013;
- The Order of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector subject to supervision by the Autorité de contrôle prudentiel et de résolution.

German regulations

- § 37 of the German Investment Code (KAGB) relating to the remuneration systems of German management companies

ANNEX III: List of Identified Staff

A. Management companies except LFSAM

Job title of the employee	Direction/Division to which the employee is attached	Objective of the position occupied by the employee	Description of the employee's decision-making power with regard to the position they occupy	Responsibilities relating to risk taking)	Decision to include within the scope of Identified Staff
CEO/General Management	Manager responsible	<ul style="list-style-type: none"> Supervise the asset management company 	<ul style="list-style-type: none"> Decision-making power related to the performed role of the manager responsible 	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the risk profile and the marketing of managed AIFs or UCITS.	Yes
Management Officer	Management	<ul style="list-style-type: none"> Supervise fund management Implement management guidelines 	<ul style="list-style-type: none"> Decision-making power in the context of creating new products or modifying products and developing the management's position. Decision-making power in the context of the management of managed AIFs or UCITS. 	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the risk profile and the marketing of managed AIFs or UCITS.	Yes
Head of Management Division / Fund Managers	Management	<ul style="list-style-type: none"> Manage the funds entrusted to them while complying with the management limitations and the performance objectives set by General Management. 	<ul style="list-style-type: none"> Decision-making power in the context of the management of managed AIFs or UCITS. 	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the operational functioning of managed AIFs and of the Management Companies.	Yes

		<ul style="list-style-type: none"> Participate in the renewal and consistency of the product range 			
Job title of the employee	Direction/Division to which the employee is attached	Objective of the position occupied by the employee	Description of the employee's decision-making power with regard to the position they occupy	Responsibilities relating to risk taking)	Decision to include within the scope of Identified Staff
The Heads of Risk, Compliance and Internal Control, listed/unlisted assets	General Secretariat	<ul style="list-style-type: none"> Work with the management company in the implementation of its risk management and compliance measures Organise system controls and monitor the implementation of action plans for the supervision of identified risk areas 	<ul style="list-style-type: none"> Authority to decide on potential trade-offs based on feedback from Risk Managers and alerts regarding malfunctions within the Management Company or issues in fund management related to its regulatory obligations or operational risks 	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the risk profile of managed AIFs or UCITS and of the Management Companies.	Yes
Directors of Real Estate Risks and Listed/Unlisted Assets	The Head of Risk, Compliance and Internal Control, listed/unlisted assets	<ul style="list-style-type: none"> Work with the management company in the implementation of its risk management measures 	<ul style="list-style-type: none"> Power to decide on any arbitrage based on feedback from Risk Managers 	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the risk profile of managed AIFs or UCITS and of the Management Companies.	Yes
The Head of Compliance and Internal Control, listed/unlisted assets	The Head of Risk, Compliance and Internal Control, listed/unlisted assets	<ul style="list-style-type: none"> Work with the management company in the implementation of its risk management measures Organise system controls and monitor the 	<ul style="list-style-type: none"> Power to decide on any arbitrage based on alerts raised regarding the failures of the Management Company or in the management of the fund in relation to 	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the risk profile of managed AIFs and of the Management Companies.	Yes

		implementation of action plans for the supervision of identified risk areas	its regulatory obligations or operational risks		
RCCI	The Head of Compliance & Internal Control, listed/unlisted assets	<ul style="list-style-type: none"> • Ensure compliance with professional obligations, contractual commitments in the performance of activities and decisions taken by the management body. • 	<ul style="list-style-type: none"> • Power to raise the alert on the failures of the Management Company or in the management of the fund in relation to its regulatory obligations or operational risks 	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the risk profile of managed AIFs or UCITS and of the Management Companies.	Yes

The Head of Risk Management and Operational Risks, DPO	General Secretariat	<ul style="list-style-type: none"> • Work with the Management Company in the implementation of its operational risk management and data protection measures • Monitor the implementation of action plans for the supervision of identified risk areas 	Decision-making powers on the failures of the Management Company or in the management of the fund in relation to its operational risks and data protection	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the risk profile of managed AIFs and of the Management Companies.	Yes
Middle Office Director	Middle Office	<ul style="list-style-type: none"> • Supervise the operational and administrative coordination of transaction processing • Management of relations with service providers 	Power to raise the alert on the failures of the Management Company or in the management of the fund	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the operational functioning of managed AIFs and of the Management Companies.	Yes

B. List of LFSAM Identified Staff

Job title of the employee	Direction/Division to which the employee is attached	Objective of the position occupied by the employee	Description of the employee's decision-making power with regard to the position they occupy	Responsibilities relating to risk taking)	Decision to include within the scope of Identified Staff
Managing Director	Responsible Director	<ul style="list-style-type: none"> Supervise the management company Supervise fund management 	<ul style="list-style-type: none"> Decision-making power linked to the role of the responsible manager 	The functions performed, the level of responsibility and the professional activities of the employee are likely to have a significant impact on the risk profile and the marketing of the alternative funds or UCITS managed.	Yes
Sales employees/managers	Sales	<ul style="list-style-type: none"> Market funds to clients 	<ul style="list-style-type: none"> Decision-making power over the funds offered to clients. 	The functions performed, the level of responsibility and the professional activities of the employee are likely to have a significant impact on the risk profile and the marketing of the alternative funds or UCITS managed.	Yes
Head of Portfolio Management / Portfolio Managers	Management	<ul style="list-style-type: none"> Manage the funds entrusted to them in compliance with management limits and the performance objectives set by general management. Participate in the renewal and consistency of the product range 	<ul style="list-style-type: none"> Decision-making authority in the management of alternative funds or managed UCITS. 	The functions performed, the level of responsibility and the professional activities of the employee are likely to have a significant impact on the operational functioning of the managed alternative funds and management companies.	Yes
Risk Manager	Risks	<ul style="list-style-type: none"> Work with the Management Company in the implementation of its operational risk 	<ul style="list-style-type: none"> Decision-making powers on the failures of the Management Company or in the 	The functions performed, the level of responsibility and the professional activities of the employee are likely to have a significant impact on the risk	Yes

		management and data protection measures Monitor the implementation of action plans for the supervision of identified risk areas	management of the fund in relation to its operational risks and data protection	profile of the alternative funds or UCITS managed and management companies.	
Compliance Manager	Legal and Compliance	<ul style="list-style-type: none"> • Ensure compliance with professional obligations, contractual commitments in the performance of activities and decisions made by Management. 	<ul style="list-style-type: none"> • Power to warn of failures by the management company or in the management of the fund in relation to its regulatory obligations. 	The functions performed, the level of responsibility and the professional activities of the employee are likely to have a significant impact on the risk profile of the AIFs or UCITS managed and management companies.	Yes

C. List of LFFS Identified Staff

Job title of the employee	Direction/Division to which the employee is attached	Objective of the position occupied by the employee	Description of the employee's decision-making power with regard to the position they occupy	Responsibilities relating to risk taking)	Decision to include within the scope of Identified Staff
Members of the Management Board and Supervisory Board	Manager responsible	<ul style="list-style-type: none"> Supervise LFFS 	<ul style="list-style-type: none"> Decision-making power related to the performed role of the manager responsible 	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the LFFS risk profile.	Yes
RCSI	<ul style="list-style-type: none"> Director of Distribution & Cross-functional Legal and Compliance Division 	<ul style="list-style-type: none"> Ensure compliance with professional obligations, contractual commitments in the performance of activities and decisions taken by the management body. 	<ul style="list-style-type: none"> Power to raise the alert on the failures of the investment firm in relation to its regulatory obligations or operational risks 	The functions performed, the degree of responsibility and the professional activities of the employee are likely to have a significant impact on the company's risk profile	Yes

ANNEX IV: Quantitative/qualitative employee assessment criteria
Criteria relating to Crédit Mutuel Asset Management – Crédit Mutuel Gestion – Cigogne

Roles	Quantitative criteria	Qualitative criteria
Management	<ul style="list-style-type: none"> • Ranking of team/employee funds in peer groups and notably sustainable funds; • Morningstar ranking; • Relative performance compared to the benchmark fund; • Compliance with risk envelopes and internal guidelines; • Performance fee envelope; • Awards and market recognition; • Collection of the team's expertise; • Success in Calls for Tenders. • Assessment of ESG funds by rating agencies • Compliance with the Group's exclusion policy 	<ul style="list-style-type: none"> • Integration and compliance with regulatory constraints, ratios, compliance rules, ESG policy • Integration of sustainability risks in investment decisions and monitoring of set guidelines • Active cross-sector contribution to the management process and to the various committees; • Contribution to development through customer meetings, support to La Française Group's sales teams, roadshows; • Contribution to product innovation and in particular sustainable products; • Promotion and distribution of ESG management principles both in-house and externally • Cross-sector contribution to initiatives and projects of La Française Group; • Management quality.
Risk control	<ul style="list-style-type: none"> • Technical contribution to calls for tenders; • Technical contribution to regulatory reports • Proposals for the development of processes, methodologies, etc.; • Timing and content of returns on fixed objectives; • Relevance and responsiveness to risk alerts in terms of sustainability. • Number of incidents 	<ul style="list-style-type: none"> • Consideration of regulatory constraints including ESG constraints; • Monitoring the compliance of the funds' commitments in terms of sustainability • Good integration of client specifications and internal risk guidelines; • Contribution to product innovation; • Contribution to cross-sector initiatives and projects of La Française Group; • Management quality.
Internal Compliance/Control	<ul style="list-style-type: none"> • Implementation of the control plan approved by General Management; • Follow-up of recommendations. • Number of incidents 	<ul style="list-style-type: none"> • Ability to identify and manage Management Company risks with the implementation of escalation procedures; • Ability to challenge the Management Company's operational roles based on the regulatory obligations and procedures of the Management Company; • Quality of controls and reporting on these controls including ESG controls • Responsiveness and proactive ability; • Supervision of regulatory constraints in terms of sustainability; • Contribution to the funds' due diligence process;

		<ul style="list-style-type: none"> • Team spirit and transparency/sharing of best practices; • Ability to manage their team. • Integration into the control plans of points dedicated to sustainable finance • Development and updating of risk maps
Middle Office Director	<ul style="list-style-type: none"> • Service provider KPIs • Relevance of alert analysis and responsiveness • Counterparty claims • Management of accounting and financial information flows with service providers and various counterparties • Accurate, non-misleading fund financial statements 	<ul style="list-style-type: none"> • Cross-sector contribution to initiatives and projects of the La Française Group • Ability to challenge management teams • Team spirit and transparency/sharing of best practices; • Ability to manage their team. • Participation in the structuring of costs • Compliance with procedures and regulations •

Criteria relating to La Française Systematic Asset Management

Roles	Quantitative criteria	Qualitative criteria
Management	<ul style="list-style-type: none"> • Ranking of team/employee funds in peer groups and notably sustainable funds; • Morningstar ranking; • Relative performance compared to the benchmark fund; • Compliance with risk envelopes and internal guidelines; • Performance fee envelope; • Awards and market recognition; • Collection of the team's expertise; • Success in Calls for Tenders. • Assessment of ESG funds by rating agencies • Compliance with the Group's exclusion policy 	<ul style="list-style-type: none"> • Integration and compliance with regulatory constraints, ratios, compliance rules, ESG policy • Integration of sustainability risks in investment decisions and monitoring of set guidelines • Active cross-sector contribution to the management process and to the various committees; • Contribution to development through customer meetings, support to La Française Group's sales teams, roadshows; • Contribution to product innovation and in particular sustainable products; • Promotion and distribution of ESG management principles both in-house and externally • Cross-sector contribution to initiatives and projects of La Française Group; • Management quality.
Risk control	<ul style="list-style-type: none"> • Technical contribution to calls for tenders; • Technical contribution to regulatory reports • Proposals for the development of processes, methodologies, etc.; • Timing and content of returns on fixed objectives; • Relevance and responsiveness to risk alerts in terms of sustainability. • Number of incidents 	<ul style="list-style-type: none"> • Consideration of regulatory constraints including ESG constraints; • Monitoring the compliance of the funds' commitments in terms of sustainability • Good integration of client specifications and internal risk guidelines; • Contribution to product innovation; • Contribution to cross-sector initiatives and projects of La Française Group; • Management quality.
Compliance/Internal control/Operational risks	<ul style="list-style-type: none"> • Implementation of the control plan approved by General Management; • Follow-up of recommendations. • Number of incidents 	<ul style="list-style-type: none"> • Ability to identify and manage Management Company risks with the implementation of escalation procedures; • Ability to challenge the Management Company's operational roles based on the regulatory obligations and procedures of the Management Company; • Quality of controls and reporting on these controls including ESG controls • Responsiveness and proactive ability; • Supervision of regulatory constraints in terms of sustainability; • Contribution to the funds' due diligence process; • Team spirit and transparency/sharing of best practices;

		<ul style="list-style-type: none"> • Ability to manage their team. • Integration into the control plans of points dedicated to sustainable finance • Development and updating of risk maps
Other employees	<ul style="list-style-type: none"> • Tangible feedback on defined objectives • No material findings on the part of auditors in the specialised areas in which they are active • Timely implementation of objectives • Compliance with internal policies 	<ul style="list-style-type: none"> • Immediate recognition of a material impact • Constructive suggestions for improvement • Is focused on implementation and results • Demonstrates endurance and tolerance for frustration • Acts conscientiously, reliably and responsibly

Criteria relating to La Française Real Estate Managers

Roles	Quantitative criteria	Qualitative criteria
Real estate and/or financial management	<ul style="list-style-type: none"> Physical and financial occupancy rate; SCPI (equiv. REIT) and OPCl (real estate collective investment undertakings) performance benchmark; Real estate performance benchmark (IPD); Achievement of investment, arbitrage and construction objectives Compliance with work budgets Achievement of real estate financing volume and rate objectives Assurance that SRI labels are obtained and maintained where applicable. Compliance with the Group's exclusion policy for real estate funds 	<ul style="list-style-type: none"> Scoring of prospective tenants; Quality of information produced for partners; Qualitative compliance with the investment policy and defined arbitrage Compliance with work performance objectives Compliance with the manager's internal rules in terms of prevention and management of legal risks and compliance; Integration of sustainability risks in investment decisions; Quality of management practised; Level of contractual commitment. Integration of ESG into investment processes Promotion and distribution of ESG management principles both in-house and externally
Risk control	<ul style="list-style-type: none"> Technical contribution to calls for tenders; Technical contribution to regulatory reports; Proposals for the development of processes, methodologies, etc.; Timing and content of returns on fixed objectives; Relevance and responsiveness to risk alerts. Number of incidents 	<ul style="list-style-type: none"> Consideration of regulatory constraints including ESG constraints Monitoring the compliance of the funds' commitments in terms of sustainability Proper integration of client specifications and internal risk guidelines Contribution to product innovation; Contribution to cross-sector initiatives and projects of La Française Group; Management quality.
Compliance/Internal control/Operational risks	<ul style="list-style-type: none"> Implementation of the control plan approved by General Management Follow-up of recommendations Number of incidents 	<ul style="list-style-type: none"> Ability to identify and manage Management Company risks with the implementation of escalation procedures Ability to challenge the operational functions of the Management Company based on the regulatory obligations and procedures of the Management Company. Quality of controls and reporting on these controls, including ESG controls Responsiveness, and ability to form proposals

		<ul style="list-style-type: none"> • Supervision of regulatory constraints in terms of sustainability; • Contribution to the funds' due diligence process; • Team spirit and transparency/sharing of best practices; • Ability to manage their team • Integration into the control plans of points dedicated to sustainable finance • Development and updating of risk maps
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Criteria relating to CIC Private Debt

Roles	Quantitative criteria	Qualitative criteria
Management	<ul style="list-style-type: none"> • origination of a certain number of investments corresponding to the funds' investment policy according to the number of investments sourced and closed; • search for potential and serious buyers to acquire investment lines from the funds • maintaining regular relationships with a number of business introducers specialising in the new business sectors sought. 	<ul style="list-style-type: none"> • knowledge and control of the performance of the financial data of the Funds' portfolio, as well as the implementation of the strategy • ability to anticipate difficulties, needs or changes in the monitoring of fund assets • ability to communicate relevant information about the funds' portfolio assets to the company's team in a timely and appropriate manner • ability to build trusting relationships with other members of the management team and leadership
Risk control	<ul style="list-style-type: none"> • Proposals for the development of processes, methodologies, etc.; • Timing and content of returns on fixed objectives; • Relevance and responsiveness to risk alerts. • Number of incidents • Assessment of differences between actual portfolio results and defined risk limits 	<ul style="list-style-type: none"> • Implementation of risk management policies: Ability to formalise robust frameworks and processes to identify, measure and monitor risks. • Audit and compliance: Results of internal and external audits on risk management. • Adaptation to regulatory changes: Updated policies and practices to meet new requirements
Internal Compliance/Control	<ul style="list-style-type: none"> • Implementation of the control plan approved by General Management; • Follow-up of recommendations. • Number of incidents 	<ul style="list-style-type: none"> • Ability to identify and manage Management Company risks with the implementation of escalation procedures;

		<ul style="list-style-type: none"> • Ability to challenge the Management Company's operational roles based on the regulatory obligations and procedures of the Management Company; • Quality of controls and reporting on these controls including ESG controls • Responsiveness and proactive ability; • Supervision of regulatory constraints in terms of sustainability; • Contribution to the funds' due diligence process; • Team spirit and transparency/sharing of best practices; • Ability to manage their team. • Integration into the control plans of points dedicated to sustainable finance • Development and updating of risk maps
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Criteria relating to LFFS

People	Quantitative criteria	Qualitative criteria
Members of the Management Board and Supervisory Board	Economic criteria: Growth in net inflows Growth in the Group's net income	<ul style="list-style-type: none"> Managerial criteria: <ul style="list-style-type: none"> Contribute to the development of key staff contribute to the visibility of the Group's key employees Promote the development of the ESG/impact offer
RCSI	<ul style="list-style-type: none"> Implementation of the control plan approved by General Management; Follow-up of recommendations. Number of incidents 	<ul style="list-style-type: none"> Ability to identify and manage LFFS risks Ability to challenge the LFFS operational roles based on the regulatory obligations and procedures of the Management Company; Quality of controls and reporting on these controls, including ESG controls Responsiveness and proactive ability; Supervision of regulatory constraints in terms of sustainability; Team spirit and transparency/sharing of best practices; Ability to manage their team. Integration into the control plans of points dedicated to sustainable finance Development and updating of risk maps

ANNEX V: Behaviour that may give rise to a penalty or restitution

Nature of behaviour	Degree of gravity of behaviour	Frequency of behaviour	Impact on remuneration	
			Penalty	Restitution
Excessive risk-taking	Any behaviour exposing: <ul style="list-style-type: none"> The company to an unusual and significant risk One or more funds to significant risk not provided for by the risk monitoring policy of said Funds, including sustainability risks 	One time	YES	NO
False declaration	False declaration resulting in either a significant reprocessing of the company's financial results or a reputational risk	One time	YES	YES
Misconduct	The employee has behaved in a manner detrimental to the company which results in a significant financial impact or damages the reputation of the company.	One time	YES	YES
	The employee is dismissed on genuine and serious grounds, gross misconduct or wilful misconduct	One time	YES	NO
Serious technical error	Remuneration was based on flawed performance metrics	One time	YES	NO
Failure to identify risks	The employee, inappropriately or through gross negligence, has failed to identify, as might reasonably be expected in the light of his or her duties, major risks including sustainability risks	One time	YES	NO

These ex-post adjustment mechanisms apply to persons concerned who have directly committed misconduct throughout the period of staggered payment of variable remuneration, i.e. three years for identified staff of asset management companies, four years for identified staff of the investment firm and six years for La Française Group Management and company directors.

The General Management of the La Française Group will examine on a case-by-case basis whether it is appropriate to also apply them to other employees whose responsibilities include the areas in which the behaviour described above occurred.

The amounts of penalties and restitution of bonuses will be submitted for validation to the Group Appointment and Remuneration Committee on the proposal of the General Management

ANNEX VI: Integration of sustainability risks into its remuneration practices

OUR SUSTAINABLE INVESTMENT PHILOSOPHY

La Française Group believes that a profitable investment should be a sustainable investment. We place environmental and social issues at the heart of our investment strategy.

We are fully committed and actively working towards a more sustainable economy. Moreover, we are committed to applying our responsible investment strategy to all of our different asset classes.

Our strategy therefore aims to steer our capital allocation towards long-term energy transition while minimising our current carbon impact. It also aspires to provide a sustainable investment solution and seeks to maximise long-term returns for our clients.

The remuneration policy is fully aligned with La Française Group's practices in terms of integrating environmental, social and governance (ESG) factors into its third-party management activity.

The remuneration practices detailed below ensure that sustainability risks are integrated into the remuneration policy of La Française Group.

INTEGRATION OF SUSTAINABILITY RISKS IN THE REMUNERATION POLICY OF LA FRANCAISE GROUP

The Appointment and Remuneration Committee validates all changes to the remuneration policy of the various Group entities every year. In accordance with the SFDR Regulation on Sustainability Disclosure, the Group is committed to establishing, implementing and maintaining remuneration policies, procedures and practices that promote sound and effective risk management, including sustainability risks.

Specific roles and responsibilities surrounding sustainability have been defined for different internal functions, and targets have been set. During the annual appraisal interview, the various objectives - including those relating to sustainability - are assessed and the variable remuneration awarded to employees is determined by a discretionary process.

Teams that have specific sustainability goals are:

The Managers integrate sustainability risks into investment decisions and respect the guidelines set for any portfolio and contribute to sustainable product innovation.

The Risk Managers monitor compliance with the sustainability commitments of the Funds.

Internal Controllers supervise the regulatory constraints in terms of sustainability and include points dedicated to sustainable finance in the control plans.

Our sales staff contribute to developing our assets, while simultaneously respecting clients' limitations in terms of risk and return, including sustainability risk.

Our marketing managers include sustainability factors when developing new products.

The Head of Sustainable Investment at Group level, who is a member of the Executive Committee, ensures the cohesion of the strategy between the business line defined by the General Management and its implementation within the Management Companies.

A research team dedicated to listed assets

Our research team on sustainable investment in listed assets, integrated within Crédit Mutuel Asset Management, is at the heart of our investment process. We have established a proprietary methodology for quantifying companies' ESG assessments and developed the ability to measure carbon emissions and assess the trajectory of a company's transition to a low carbon economy.

A research team devoted to the real estate sector.

We have been able to benefit from a holistic view of our assets, based on the data collected over the past ten years or more. To generate a useful and sustainable level of performance, La Française has developed a road map that places social and environmental drivers at the heart of its strategy: reduce greenhouse gases, reintroduce nature into the city, make the city inclusive.

For employees whose variable remuneration is subject to deferral, a penalty or restitution system may apply if the employee exposes the Group or any of its companies to abnormal or excessive risk-taking, or if the employee exposes one or more Funds to a significant risk not foreseen by their risk monitoring policy, including sustainability risks.