Appendix to the Management Report

Mirova Compensation Policy

2019 Financial Year

April 2020

Executive Management

CONTENTS

Introduction

The Mirova Compensation Policy was established in compliance with AIFM Directive 2011/61/EU, UCITS 5 Directive 2014/91/EU, MIF2 Directive 2014/65/EU, AMF (French Financial Markets Authority) Position 2013-11 "Compensation Policies Applicable to Managers of Alternative Investment Funds", as well as the reference texts from the French Monetary and Financial Code and the *Autorité des Marchés Financiers* (AMF).

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1. General principles

The compensation policy is based on an assessment of skills and annual and multi-year quantitative and qualitative performance criteria. It incorporates the alignment of investor, employee, and Mirova interests into its fundamental principles. It applies to all Mirova staff.

- It is consistent and promotes sound and effective risk management, and does not encourage risk-taking that would be incompatible with the risk profiles as well as the regulatory documentation and the documentation linked to the managed products.
- It is in line with the business strategy, objectives, values and interests of the management company and the products it manages and to those of the investors, and includes measures to avoid conflicts of interest.

The compensation policy differentiates fixed compensation, that is based on market standards and rewards skills, professional experience and the level of responsibility; from variable compensation, linked to the assessment of established individual and collective performance criteria (both at the level of the asset management company and the managed products). The variable compensation takes into account qualitative and quantitative criteria that may be determined on an annual or multi-annual basis.

2. Compensation Components

The compensation policy is intended to maintain a proportional balance between fixed and variable compensation, and the Human Resources Department is responsible for this. Revaluations of fixed salaries and variable compensation allocation are reviewed once per year as part of the promotion campaign.

a. Fixed Compensation

Fixed compensation is for the skills and expertise expected in the performance of a position.

b. Variable Compensation

Variable compensation is for annual collective or individual performance.

Variable compensation is framed by an overall budget defined annually by the Mirova Executive Management, and approved by the Executive Management of Natixis and Natixis Investment Managers. The overall envelope for variable compensation represents a redistribution percentage applied to the amount of Earnings Before Tax (EBT) for Mirova and the activities that it controls. In the event of losses or significant decreases in actual Mirova earnings, the envelope allocated to individual compensation and potentially payments currently being acquired may be reconsidered and reduced.

Collective variable compensation consists to date of bonuses and profit sharing, the company savings scheme (PES), and the group retirement savings plan (PERCO), reserved capital increases within the framework of the Mauve system, or any other future contractual system with non-discretionary distribution to help employees share in the earnings of Mirova or Natixis. They have no incentive effect on risk management by Mirova and/or for products managed that do not fall within the scope of the AIFM and UCITS 5 Directives.

Individual variable compensation is allocated on a discretionary basis with regard to individual performance evaluations as translated by the achievement of predetermined quantitative and/or qualitative objectives. It may include a small share of advantages in kind linked to the assignment of a vehicle. For the unregulated population, it is paid entirely in cash, and is allocated selectively in a manner that may vary from one year to the next based on the assessment of performance criteria. The variable compensation allocated to employees is affected by taking on a non-compliant level of risk or failure to comply with internal procedures for the year in question. There is no contractual guarantee governing variable compensation.

c. Key Employee Loyalty System

Mirova wishes to be able to guarantee its investors stability among key employees through a retention system integrated into the compensation policies that helps allocate additional variable compensation, in the form of units indexed to the variation in EBIT at Mirova for the activities that it controls, and acquired in equal segments over a minimum period of three years. Thus, subject to attendance conditions, it helps employees share in earnings trends. Amounts are allocated with regard to performance evaluations and individual professional commitment over a given year. The envelope allocated to the retention system is contained in the overall budget allocated to variable compensation.

d. Carried Interest

Carried Interest represents employee loyalty and the alignment of investor interests with those of the employees in question through deferred payment. Requiring minimum personal financial risk-taking with regard to the size of the fund for the employees in question, it takes the form of the acquisition of fund units. Compensation for shares acquired is then conditioned by the creation of added value and a minimum positive yield from ordinary shares for fund investors. It is reserved for employees on the investment team for infrastructure fund activities.

3. Collective and Individual Performance Evaluation

Employee contribution and performance levels are evaluated with regard to their duties, assignments, and level of responsibility within the company. Several staff categories have been identified:

- The executive committee is evaluated on its contribution to defining and implementing the corporate strategy and on its ability to develop the performance of product and service offerings, and on financial income. Performance is assessed annually,
- Support and sales development functions are evaluated on their ability to achieve qualitative and quantitative goals for sales development functions. These quantitative goals are defined and communicated at the beginning of each year,
- Control functions are evaluated based on the assessment of qualitative criteria defined annually, so as not to compromise their independence or create conflicts of interest,
- Management functions are evaluated differently, based on the types of portfolios managed. The quantitative criteria used reflect the challenges of developing the management performance desired by investors, without however authorizing excessive risk-taking that might affect the risk profile of Mirova and/or the products managed.

4. Application of the System to the Regulated Population

a. Identification of the Regulated Population

In compliance with regulations, the HRD and RCCI determine and formalise a list of the "regulated" population at the beginning of the year, which includes employees that may individually have a significant impact on the risk management of Mirova and/or the products managed through their decisions, knowing that the members of the executive committee are always included in this population, as well as the management and support activities functions, management control functions (risks, compliance, and control), and the voting members on the infrastructure fund investment committees.

Management and risk functions included in the scope of regulated functions are identified annually by the HRD and RCCI, - manager of compliance, internal control, and risks based on the management process map. The Executive Management approves the scope of the entire regulated population.

b. System Applied to Variable Compensation Allocated to the Regulated Population

Variable compensation and, where applicable, the employee loyalty system for the regulated population are allocated globally, half in cash, and the other half in the form of financial instrument equivalents. For the lowest variable compensation, below an annually defined threshold, the deferred proportion does not apply. The list of employees in question is approved by the RCCI - Manager of Compliance, Internal Control, and Risks. For the highest Mirova compensation, the deferred proportion in the form of financial instrument equivalents may reach 60%.

The proportion of variable compensation, which is deferred over 3 years, increases with the amount of variable compensation awarded and can reach up to 60% for Mirova's highest compensations.

The thresholds for triggering deferred variable compensation are subject to change depending on regulations or changes in internal policies. In this case, the new thresholds defined are subject to the approval of Mirova's Executive Committee and the Compensation Committee of Natixis.

A minimum of 50% of the variable compensation is in the form of a financial instrument in cash indexed to the evolution of Mirova's consolidated financial performance measured by its EBIT (earnings before interest and taxes), recorded each year over a minimum period of 3 years.

The acquisition of the deferred portion of the variable compensation is subject to conditions of presence, financial performance of the management company, relative performance of the products managed in relation to benchmark market indices and the absence of any unusual behavior that could have an impact on Mirova's level of risk and/or the products managed.

This acquisition is also subject to obligations in terms of compliance with risk and compliance rules. Failure to comply with these obligations may result in a partial or total reduction of the acquisition. Finally, it may be returned in whole or in part, in order to guarantee a subsequent adjustment of the risks.

Employees benefiting from deferred variable compensation are prohibited from using individual hedging or insurance strategies for the entire period of acquisition.

The terms and conditions for the determination, valuation, allocation, acquisition and payment of the deferred variable compensation in an equivalent financial instrument are detailed in Mirova's Long Term Incentive Plan (LTIP).

c. <u>Control System</u>

At the end of each promotion campaign and before allocation of variable compensation, the HRD will formalise a control of the suitability and effectiveness of the compensation policy for the regulated population (the list of names, amounts allocated, division between immediate and deferred payments, and the cash and financial instrument equivalent shares). It must be approved by the Executive Committee and by NatixisInvestment Managers.

The general and specific principles, application procedures, and quantitative summary data for the compensation policy including the regulated population, as well as the annual compensation envelope for directors are provided annually to the Mirova Board of Directors. Within the framework of promotion campaigns, individual proposals are evaluated by the Mirova Human Resources Department and Executive Management, and then by the compensation approval bodies at Natixis Investment MangersAM and Natixis. Compensation for the Chief Executive Officer is determined by the Executive Management of Natixis Investment Managers and Natixis and is presented to the Natixis appointments and compensation committee.

5. Compensation Paid for the Previous Financial Year

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

- Fixed Compensation for 2019[1]: €5,713,311,
- Variable compensation allocated for 2019: €6,367,848,
- Employees affected: 64 employees.

The aggregate amount of compensation, broken down by executive management and staff members at the management company whose activity has a significant impact on the risk profile of the management company and/or portfolios:

- Total compensation allocated for 2019: €8,750,084, of which
    - Executive managers: €2,783,471,
    - Members of the staff: €5,966,613.

[1]Theoretical fixed compensation in FTE as at December 31, 2019.