Ostrum ASSET MANAGEMENT

Assets for Life

RESEARCH FUNDING POLICY

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Main regulatory references

Legislative references

- Directive 2014/65/EU (MiFID 2) of 15 May 2014 amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID II")
- Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU ("Delegated Directive") Commission Delegated Directive (EU) of 20 February 2026 amending Delegated Directive 2017/593

Regulatory References

- AMF General Regulation: Articles 314-21 to 314-29
- ESMA Questions and answers on MIFID II and MIFIR investor protection topics and intermediaries topics, part 7. Inducements (research)

Professional Standards

- AMF Guide on the terms and conditions for the funding of research by investment service providers under the MiFID II Directive dated January 2018

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1. INTRODUCTION

1.1. BACKGROUND

External research is an essential component of the investment decision-making process for asset management companies, which is complementary to the resources they have in-house (market strategists, analysts, manager-analysts, etc.).

The European Directive 2014/65 on Markets in Financial Instruments (known as "MiFID 2"), which has been in force since 3 January 2018 for third-party management and investment advisory activities, includes external research in the context of "advantages and inducements" and establishes precise rules concerning the terms and conditions of its financing.

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1.2. OBJECTIVE

To comply with these regulatory requirements, Ostrum Asset Management has established a policy on the consumption of research services, which defines the terms and conditions implemented for the financing of consumption of external research by Ostrum Asset Management and the associated internal governance.

Consequently, this document aims to:

- Specify the scope and conditions of application of the policy relating to the consumption of research services by Ostrum Asset Management;
- Set the framework within which this policy is part and mechanism implemented to monitor it.

1.3. SCOPE

This policy covers all external research services provided to Ostrum AM's managers, analysts and strategists by investment banks, brokers or independent research providers.

This applies to all Ostrum Asset Management activities: research fees are borne by Ostrum's income statement and no fees are charged to clients.

1.4. DEFINITIONS

"**Research** [1] ": It is up to Ostrum AM to conduct its own analysis, under the terms of this policy, of any document or service in order to assess and justify whether or not they constitute research within the meaning of the Delegated Directive[2].

[1] Cf. AMF Guide on the terms and conditions for the funding of research by investment service providers under the MiFID II Directive dated January 2018

[2] Only in the context of the special regime relating to the funding of research provided for by MiFID II, the characteristics of "Research" set out in recital 28 of the Delegated Directive are as follows:

- Research equipment or services relating to one or more financial instruments, other assets or current and potential issuers of financial instruments or research equipment or services closely related to a specific sector or market that allow the formation of an opinion on the financial instruments, assets or issuers of that sector or market;
- Such material or service explicitly or implicitly recommends or suggests an investment strategy and provides a substantiated opinion on the current or future value or price of the instrument(s) or asset(s) in question, or contains original analysis and insights and formulates conclusions on the basis of existing or new information which may be used to guide an investment strategy or which may, by its relevance, add value to decisions taken by the the consumer establishment of research on behalf of its clients.

2. DETAILED DESCRIPTION

2.1. Funding model

Among the various external research funding models introduced by MiFID 2, Ostrum Asset Management has chosen the solution of paying research costs from its income statement.

Some of the research services provided by Ostrum Asset Management may be received free of charge, provided that they meet the conditions necessary for the qualification of "minor non-monetary benefit" within the meaning of the Directive. These advantages are likely to improve the quality of the service provided by the service providers, but their magnitude and nature are such that they cannot prevent Ostrum Asset Management's compliance with its duty to act in the best interests of clients.

For any service offered free of charge by a research provider, recipients ensure with the Head of Investment Solutions that these services can be qualified as a "minor non-monetary benefit" or if they are subject to invoicing. The latter may request the opinion of compliance officers in order confirm the qualification.

The provisional budget is reviewed annually to reflect the evolution of Ostrum Asset Management's needs in terms of external research services (new activities, movement of employees in the investment teams, adjustment of Ostrum Asset Management's internal resources to produce internal research, etc.) and/or the renegotiation of the pricing of the service providers' offers.

The provision of research services implies the signing of a contract with each of the service providers.

2.2. Evaluation of providers / voting process

The selected research providers are evaluated according to a voting process that is at least annual and based on established criteria.
The participants in the vote are all beneficiaries of research services using the services provided by these providers (analysts, asset managers and manager-analysts, market strategists).

The score given by the members participating in the vote is based on quantitative criteria (e.g. in relation to the number of studies produced, the intensity of interactions, etc.) and on qualitative criteria, the score being then determined as an educated guess relative to the service provided by other providers.

The following are systematically taken into account:

- The quality and value of written research
- The quality of the content of meetings and conferences
- The contribution of research to investment decisions

These elements can be supplemented by an analysis of:

- The complementarity / originality of the offer compared to the offers of other service providers
- The quality of the commercial follow-up

Beneficiaries of research services must participate in the annual evaluation of research providers by supplementing their score with a qualitative comment for information. Failure to do so may result in their access to research services being supended.

The results of the votes are presented to the yearly MiFID Committee for validation.
These results are used to determine the adjustments to be made in the annual research budget.

2.3. MIFID Committee

A MiFID Committee is held annually, which brings together the Chief Investment Officer, the Secretary General, the heads of Ostrum's portfolio management and research teams, the Head of Solutions and representatives of the Compliance Department and the Finance Department.

The objectives of this committee are to:

- Validate the result of the votes;
- Take corrective action for service providers whose evaluations reveal a lack of quality, ease of use and value of research or insufficient contribution to better investment decisions;
- Validate the overall provisional research budget and by sub-category[3] for the following year;
- Validate, if necessary, the entry into relationship with new service providers or the closure of relationship with existing service providers;
- Review the effectiveness of the evaluation system for research providers;
- If necessary validate any change to be made to this policy.

A detailed report of decisions and possible corrective actions taken at the meeting is distributed to the participants at the end of the annual MiFID Committee.

2.4. Review and follow-up of the system

This research policy is reviewed at least once a year. Ostrum Asset Management also conducts a review of the effectiveness of its process for selecting and rating research providers in order to identify and, if necessary, correct any deficiencies.

Research policy may thus be subject to change over time. This policy is published on the Ostrum Asset Management website.

2.5. Conclusion

In the context of MiFID 2, Ostrum Asset Management has chosen the solution of paying research fees from its income statement. The provisional budget is reviewed annually to reflect the evolution of Ostrum Asset Management's needs for external research services.

The various selected research providers are evaluated according to an annual voting process (or more frequent if necessary) based on established criteria. Representatives of the various investment and research teams using external research services take part in this vote.

The results of the votes are presented for validation to the MIFID Committee, which determines annually the adjustments to be made to the research budget. This committee brings together the Chief Investment Officer, the General Secretary, the heads of Ostrum's management and research teams, the Head of Solutions and representatives of the Compliance Department and the Finance Department. It validates the overall and sub-category provisional research budget, as well as, where applicable, the entry into relationship with new service providers or the closure of relationship with existing service providers.

This policy is reviewed at least once a year, in particular for the efficiency of the selection and rating process for research providers. This policy is published on the Ostrum Asset Management website.

[3] The research budget is structured around 3 subcategories: Equities (insurance & fundamental), Equities and volatility (quant), Fixed Income & Credit

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