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Amundi
ASSET MANAGEMENT

January 2022

Amundi Group Remuneration Policy – IFR/IFD
addendum

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1. General overview and implementation of the addendum

This document is an addendum to Amundi 2022 remuneration policy and it is applicable to qualifying investment firms within Amundi in France and the European Economic Area in absence of more stringent local regulatory requirements. It is effective for the financial year starting on January 1st 2022.

This addendum represents the implementation of the e Investment Firms Regime (comprised of the Investments Firms Directive and the Investment Firms Regulation), published in the European Journal on the 5 December 2019 and applicable from the 26 June 2021; in particular, the Guidelines on sound remuneration policies under IFD apply from the performance year 2022.

This document illustrates remuneration rules specific for investment firms subject to IFD (for some topics like identification of material risk takers, maximum ratio between fixed and variable remuneration, etc.); if not otherwise specified, the provisions of the valid Amundi group policy apply.

The Remuneration Policy, its addendum and their implementation have been approved by the Amundi Board of Directors, following the review and positive opinion by the Amundi Remuneration Committee.

2. Definition of ‘identified staff’

2.1 Scope of application

Investment Firm Regime is applicable to Investment Firms as defined in Article 4(1)(1)¹ of Directive 2014/65/EU. The directive identifies different classes of investment firms, based on their size, nature and complexity, and defines more onerous remuneration and governance requirements according to their classification, in alignment with the proportionality principle:

- Class 1 firms: systemic bank-like firms, subject to CRD-CRR requirements;
- Class 2 firms: all other investment firms, subject to remuneration requirements detailed in the Directive. Article 32(4) of the Directive makes a distinction between significant and non-significant firms, foreseeing a derogation to certain requirements for the latter group.
- Class 3 firms: small non-interconnected firms, not subject to any remuneration requirements.

¹ ‘investment firm’ means any legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis. Member States may include in the definition of investment firms undertakings which are not legal persons, provided that: (a) their legal status ensures a level of protection for third parties’ interests equivalent to that afforded by legal persons; and (b) they are subject to equivalent prudential supervision appropriate to their legal form.

In practice, every year at individual firm level, an internal assessment is performed to determine the category of the investment firm and therefore the applicable remuneration provisions:

(1) **identification of small non-interconnected firms:** entities which do not trigger any of the thresholds set out in Article 12 of IFR

In Amundi, one entity belongs to this category: **Amundi Global Services.**

(2) **identification of non-significant class 2 firms:** entities which do not cross the threshold of EUR 100 million of their average on and off-balance sheet assets over the four-year period immediately preceding the given financial year. This threshold might be increased by the Member State up to EUR 300 million, as foreseen by Article 32(5) of IFD.

- **In France:** having the national regulator increased the significance threshold to EUR 300 million, Amundi investment firms based in France (**Amundi ESR, Amundi Intermédiation**) are considered non-significant class 2 firms;

- **In the other EU member states:** **KBI Global Investors Ltd** (Ireland) and its subsidiary **KBI Global Investor N.A., Amundi Czech Republic Asset Management a.s.** (Czech Republic) and **Fund Channel** (Luxembourg) are below the significance threshold confirmed by their national regulator;

- **In the United Kingdom:** the FCA is foreseeing an equivalent effective regulatory regime (“IFPRU”), which has set the significance threshold at GBP 300 million, which **Amundi UK Ltd** is not crossing.

As a result, for the performance year 2022, no investment firm in Amundi will be subject to the remuneration provisions for identified staff on deferral and payment in instrument² and the Remuneration Committee requirement.³

2.2 Identified staff

Employees / persons whose professional activities have a material impact on the risk profile of the investment firm or of the assets that it manages, should be considered ‘identified staff’ within the meaning of the IFD. All class 2 investment firms should apply the qualitative and quantitative criteria set out in the Directive and the EBA Regulatory Technical Standards.

The ‘identified staff’ definition process is performed and reviewed annually for each investment firm within the group.

Typical roles of identified staff are represented in the following table:

Identification criteria	Typical Jobs in Amundi investment firms
a) All members of Management body in its management of supervisory function and senior management	CEO, members of the Board of Directors
b) For investment firms with a total balance sheet >= EUR 100 million, staff members with managerial responsibility for business units that are providing at	Applicable to: Amundi Intermédiation; Amundi ESR; Amundi UK; Fund Channel

² Article 32(1, j-l) of IFD

³ Article 33(1) of IFD

least one of the services that requires authorization under points 2-7 of Section A of MIFID Annex 1 ⁴	CIO; Head of Trading Desk; Head of Investment strategy /desk; Head of Credit/Equity research
c) Staff members with managerial responsibility for the activities of a control function, the prevention of money laundering and terrorist financing	Chief Risk Officer; Head of Compliance (includes AML); Head of Internal Audit
d) Staff responsible for managing material risks	CEO; Deputy CEO; CRO
e) Staff members responsible for managing economic analysis; information technology; information security; outsourcing arrangements of critical or important functions	CFO; COO
f) Staff members with the authority for approving or vetoing new products	CEO; Head of Marketing
g) Staff members awarded, in the preceding financial year, with a total annual remuneration >= EUR 500 000 or the lowest total remuneration of a staff member identified by criteria a-b-e-f	Case-by-case analysis: exclusions might apply if the staff member has no material impact on the risk profile of the investment firm or assets it manages ⁵ .

3. Terms of payment for 'identified staff'

3.1. For investment firms not applying IFD-specific remuneration provisions (non-significant class 2 firms or SNI firms), the terms of payment for identified staff described in Amundi group remuneration policy apply.

3.2 For significant class 2 investment firms (as described in §2.1), payment of variable remuneration for identified staff should comply with the following rules⁶:

- Individual proportionality threshold: a deferral mechanism will be triggered for amounts of total variable remuneration (including LTI) above 50 000 EUR or 1/4 of total annual remuneration awarded for the performance year.
- 40% to 60% of variable remuneration will be deferred over 3 to 5 years;
- At least 50% of variable remuneration will be granted in share-based or share-linked instruments (applicable both to the upfront and deferred part).
- The acquisition of the remuneration in instruments will be subject to a retention period of 12 months.

4. Terms of payment for standard policy

4.1. On top of the provisions of Amundi group remuneration policy, Amundi entities subject to IFD shall comply with a ratio of 200% between the variable and the fixed component of the total remuneration awarded to their staff; this ratio might be increased up to 300% in local entities, in alignment with local regulator provisions and upon validation of Risk and Compliance functions.

⁴ (2)Execution of orders on behalf of clients; (3)Dealing on own account; (4)Portfolio management; (5)Investment advice; (6)Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis; (7)Placing of financial instruments without a firm commitment basis.

⁵ If the total annual remuneration is equal to or greater than EUR 750 000, the exclusion must be approved by the competent authority.

⁶ In addition to the provisions of Amundi group remuneration policy.