

## NATIXIS IM UK (“NIM UK”) REMUNERATION POLICY

As at 1 March 2024

This NIM UK remuneration policy contains general principles applicable to all employees (see section I), specific principles applicable to the groups of employees identified by the FCA Remuneration rules (see section II) and a governance system applicable to all employees (see section III).

NIM UK has adopted this Policy in line with the UK MIFIDPRU Remuneration Code which is applicable to firms classified as investment firms under the UK Investment Firms Prudential Regime. Accordingly, it has been drawn up in accordance with the provisions contained in FCA SYSC 19G concerning remuneration rules applicable to BIPRU firms. It is also consistent with FCA Finalised Guidance provided in FCA FG21/5 on the application of ex-post risk adjustment to Variable Remuneration.

This policy is applicable to all employees of Natixis Investment Managers UK Limited (‘NIM UK’ or ‘the Firm’), authorised and regulated by the UK Financial Conduct Authority. It may also be adopted by other Natixis Investment Managers entities based in the UK.

### I- GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The remuneration policy is a strategic aspect of NIM UK’s overall framework and policies. As a tool for mobilising and encouraging employees, it ensures, in strict compliance with regulations, that it is competitive and attractive in light of market practice.

NIM UK’s remuneration policy, which applies to all employees, counts the alignment of employees’ interests with those of investors among its fundamental principles:

- It is gender neutral and is consistent with and promotes sound and effective risk management and does not encourage any risk-taking incompatible with the risk profiles, rules or constitutional documents of the managed products.
- It is consistent with the financial strategy, objectives, values and interests of the Firm and includes measures that seek to avoid conflicts of interest.

The remuneration policy covers all components of remuneration, including fixed remuneration and, where applicable, variable remuneration.

Fixed remuneration rewards skills, professional experience and the employee's level of responsibility. It takes account of market conditions.

Variable remuneration is based on an assessment of collective performance, measured both at the level of the Firm and by reference to individual performance. It takes account of quantitative and qualitative factors, which may be established on a yearly basis or across a number of years.

## **I-1. Definition of performance**

The objective and transparent assessment of an employee's annual and multi-annual performance based on pre-defined objectives is a key aspect of NIM UK's remuneration policy. It ensures fair and selective treatment of employees. This assessment is discussed by the employee and his/her manager during an individual appraisal meeting.

Each employee's level of contribution and performance is assessed based on his/her role, duties and level of responsibility at the investment firm. In this context, the remuneration policy distinguishes between two categories of employee:

- Material Risk Takers
- Other Staff

A Material Risk Taker (MRT) is defined as a staff member who has a material impact on the risk profile of the firm.

Qualitative criteria are used in the assessment of the performance of all categories of employee. These qualitative criteria always include compliance with regulations and NIM UK's internal risk management and compliance procedures. They may also cover: the quality of the relationship with clients, including the level of expertise and advice provided, contributions to the reliability of a process, participation in a cross-disciplinary project, contributions to the development of new expertise, contributions to improvements in operational efficiency or any other subject defined in line with NIM UK's strategic objectives. In addition Staff will be assessed against the requirements of the new Consumer Duty as appropriate.

For each category of employee, all quantitative and qualitative objectives are defined and communicated individually at the beginning of the year, in line with NIM UK's strategic objectives.

## **I-2. Remuneration components**

### **I-2.1. Fixed remuneration**

NIM UK shall pay a level of fixed remuneration / base salary that rewards employees in a competitive way for their employment activity in line with the market median based on relevant market and internal data.

Fixed remuneration rewards the skills, professional experience and level of responsibility relevant to an employee.

The level of fixed remuneration is reviewed periodically against relevant market and internal data.

Base salaries are reviewed once a year as part of the annual remuneration review. Outside that period, only promotions, internal job moves or exceptional changes to individual circumstances may lead to a review.

## I-2.2. Variable remuneration

Variable remuneration is defined based on the annual consolidated results of Natixis Investment Managers ('Natixis IM'), including NIM UK (including the UK division of NIM Solutions) and the international distribution platform, and also by reference to qualitative elements, such as the practices of competitors, the general conditions of the market applicable at the time the results were obtained and any factors that may have temporarily influenced the relevant business line's performance.

In determining the aggregate bonus pool of variable remuneration, the Firm ensures that any measurement of performance as the basis to calculate the bonus pools, takes into account all types of current and future risks posed to the Firm, including the cost of capital and liquidity. The amount of variable remuneration is also linked to the overall performance of the Firm. The Firm further ensures that the allocation of variable remuneration components taking into account all types of existing and future risks.

Variable remuneration, where awarded, is paid to reward individual annual performance achieved as part of collective performance.

Within the limits of the overall variable remuneration pool, individual variable remuneration is awarded, as part of the annual remuneration review, in an objective, discretionary manner based on the assessment of individual performance and the way in which such performance was achieved. The variable remuneration awarded to employees may be impacted by breaches of risk and compliance protocols, or breaches of regulations and internal procedures during the year in question (see I-1. above).

MRTs are subject to specific obligations in relation to risk and compliance rules. Failure to comply with these obligations may result in a partial or total reduction in individual variable remuneration.

In the event of a loss or a significant fall in NIM UK's financial performance, NIM UK may also decide to reduce or fully cancel the amount allocated to individual variable remuneration, as well as, if appropriate, any deferred instalments of variable remuneration awarded in previous years and which have not yet been paid out.

Similarly, in the event a major sustainability risk crystallises, i.e., an environmental, social or governance event or situation that has a significant and lasting negative impact on the value of the portfolios managed by the Firm, the total amount allocated to individual variable remuneration may be reduced or even cancelled, as well as, if appropriate, any deferred instalments of variable remuneration previously awarded that are in the process of vesting.

### *Retention awards, first year bonus, pensions*

Variable remuneration is not guaranteed, except for first year guarantees awarded to new employees awarded in accordance with this Policy and applicable regulations. In particular, Human

Resources will make sure that the guaranteed amount is no more than the amount that was paid by the previous employer.

Retention awards will only be awarded to existing employees in exceptional circumstances where the Group is undergoing a significant restructuring or reorganization and the employees are considered critical to its outcome.

“Golden parachute” type schemes are prohibited. Payments relating to the early termination of an employment contract are determined in accordance with legal provisions (statutory and contractual remuneration) and the performance of the beneficiary, his/her business line and the management company as a whole over the long term and are designed so as not to reward failure.

All pension benefits paid to employees and directors shall be based on pension contributions paid by employees and/or the employer. Employees and directors shall not be eligible to receive additional, enhanced, discretionary or early retirement benefits.

Variable remuneration is not paid via instruments or methods that facilitate the circumvention of the requirements set out in regulations.

### **I-2.3. Key employee retention scheme / variable pay deferral**

NIM UK wishes to be able to guarantee the stability of its teams to investors and clients.

To this end, and in light of its activities and risk profile, NIM UK has decided to incorporate the following deferred remuneration scheme into the remuneration policies. This policy is in operation despite the fact that NIM UK is not required to defer payments of variable compensation (see II-2 below).

Beyond a certain variable remuneration threshold, a portion of the variable remuneration is issued in units of the Long Term Investment plan and subsequently paid out to the employee based on the performance of an index linked to changes in Natixis IM's consolidated financial performance measured by its pre-tax profit (loss) on ordinary activities recorded each year, over a minimum period of 3 years. The deferred variable remuneration component vests in equal tranches over a minimum period of 3 years and aligns employees' remuneration with Natixis IM's performance. The deferred variable remuneration rate is calculated by applying a deferred remuneration table.

This mechanism is subject to the employee meeting certain conditions relating to attendance and the absence of unusual behaviour that may have an impact on NIM UK's level of risk. Vested tranches may be required to be refunded in full or in part, in order to carry out ex post risk adjustments.

### **I-2.4. Balance between fixed and variable remuneration**

NIM UK ensures that there is appropriate balance between the fixed and variable components of overall remuneration and that the fixed component represents a sufficiently high proportion of overall remuneration so that a fully flexible policy may be implemented with respect to the variable remuneration components, including the option of paying no variable component. All individual situations where variable remuneration exceeds fixed remuneration and that may be explained by

reference to market practices and/or an exceptional level of responsibilities, performance and behaviour, are documented by the Human Resources department as part of the annual remuneration review.

## **II- APPLICATION OF THE MECHANISM APPLICABLE TO MRTS**

### **II-1. MRTs**

Each year, prior to the annual remuneration review, the Human Resources Department determines and formalises the identification methodology and scope of NIM UK's MRTs, in conjunction with the NIMID Chief Compliance Officer and/or the Head of Compliance for NIM UK. A MRT is defined as a staff member who has a material impact on the risk profile of the firm.

The updated MRT list is presented for approval by the NIM UK Board of Directors exercising its supervisory function and, lastly, presented to NIM UK's Remuneration Committee.

The entire identification process is documented and archived by the Human Resources Department, while Human Resources and Compliance jointly own the overall process. The employees in question are also informed of their status.

### **II-2. Mechanism applicable to variable remuneration awarded to MRTs**

NIM UK as a "non-SNI Investment firm" to which the Extended remuneration requirements do not apply, is not obliged to meet the payout rules concerning variable remuneration of MRTs, including a prescribed percentage of variable pay being paid in shares or other financial instruments as well as the deferral of such awards and retention periods. This is based on the fact that, at present, NIM UK does not meet the required thresholds applicable to the 'larger' non-SNI investment firms. However, NIM UK applies variable remuneration deferral provisions to its employees as set out above in section I-2.3.

In addition, as a non-SNI investment firm, NIM UK is subject to the following variable remuneration requirements applicable to its MRTs:

- In-year adjustments – reducing current year awards
- Malus - reducing/cancelling (deferred) incentive awards that have not yet vested; and
- Clawback – forfeiting awards that have already vested.<sup>1</sup>

Different aspects of the deferral table and process may change over time as a result of changes in regulations or internal policies. In such circumstances, the new thresholds, rates and table are submitted to NIM UK's Board of Directors and NIM UK Remuneration Committee for their approval.

Where deferral rules apply in accordance with the above table, a minimum of 50% of variable remuneration is also awarded in financial instruments in the form of cash indexed to changes in Natixis IM's consolidated financial performance measured by its pre-tax profit (loss) on ordinary activities recorded each year, over a minimum period of 3 years.

The vesting of the deferred component of variable remuneration is subject to the employee meeting certain conditions relating to employment on the relevant key dates and to Natixis IM's consolidated financial performance as well as the absence of unusual behaviour that may have an impact on the level of risk for NIM UK.

Vesting is also subject to obligations in relation to risk and compliance rules. Failure to comply with these obligations may result in a partial or total reduction of the amounts vested. Such amounts may also be required to be returned in whole or in part, in order to carry out ex post risk adjustments.

Employees who receive deferred variable remuneration are prohibited from using individual hedging or insurance strategies at any point during the vesting period. Employees are required to sign an annual declaration confirming that they have complied with this requirement.

Some senior managers of NIM UK who have global remits or have responsibility for significant regulated activities at Natixis Investment Managers International (NIMI), a Paris based management company, are subject to NIMI's deferral table.

The terms and conditions applicable to the calculation, valuation, allocation, vesting and payment of the deferred variable remuneration in equivalent financial instruments are set out in NIM UK and Natixis IM's Long Term Incentive Plans (LTIPs).

### III- GOVERNANCE

The general and specific principles of the remuneration policy are drawn up and formally recorded by the NIM UK's Human Resources Department in line with the policy applicable to the global distribution platform.

NIM UK's Compliance and Risk Departments have an active role in the development, ongoing monitoring and evaluation of the remuneration policy. They are involved in determining the Firm's overall strategy and seek to promote the development of effective risk management. To that end, they are involved in determining the scope of the MRTs. They are also responsible for assessing the impact of the variable remuneration structure on managers' risk profiles.

NIM UK's remuneration policy is approved by NIM UK's Remuneration Committee and the Board of Directors.

The general and specific principles, the application methods and the figures of the remuneration policy, including the MRTs and the highest remuneration, are approved in turn, in detail, by this Committee under a delegation granted by the Board of Directors. In this context, the general and specific principles, the compliance of NIM UK's remuneration policy with applicable laws, and the

terms of application and summary figures of the remuneration policy, including details of MRTs and those with the highest remuneration, are submitted to the NIM UK Remuneration Committee for its review, before being approved by its Board of Directors exercising its supervisory function.

The remuneration of NIM UK's Chief Executive Officer is set by Senior Management of Natixis IM and Natixis, then presented to the NIM UK Remuneration Committee.

The remuneration of NIM UK's Risk and Compliance Directors is reviewed, as part of the independent reviews carried out by the risk and compliance functions, by Natixis IM's Chief Risk Officer and Chief Compliance Officer. They are then submitted to the Natixis IM UK Remuneration Committee.

The general and specific principles of the remuneration policy are communicated internally to all employees. NIM UK also complies with all its obligations concerning external disclosure.

The review, validation and communication processes are carried out in full each year. It takes account of any regulatory and environmental changes and is carried out in accordance with Natixis's remuneration policy.

Finally, NIM UK's entire remuneration policy is the subject of a centralised and independent annual review by Natixis IM's Internal Audit Department.

When NIM UK delegates the financial management of one of the portfolios that it manages to another management company, it ensures that this delegatee company complies with the regulations in force.