



Remuneration Policy

Candriam

Remuneration Policy – Public Version

April 25, 2023

Contents

- 1. Introduction 3**
- 2. General principles 3**
 - 2.1. Supporting business strategy, objectives, values and long-term interests of Candriam and its clients 3
 - 2.2. Risk Management and Risk Tolerance 3
 - 2.3. Balanced Remuneration..... 4
 - 2.4. Guaranteed Bonuses 4
 - 2.5. Termination Payments 4
 - 2.6. Pension Policy 4
 - 2.7. Personal Investment Strategies 4
- 3. Performance Evaluation Process 5**
- 4. Overview of the Remuneration Package..... 5**
 - 4.1. Base Salary 5
 - 4.2. Variable remuneration – Incentive Plan 5
 - 4.2.1. System specific to Front Office (Fund Managers & Analysts) 6
 - 4.2.2. System specific to Institutional Sales People 6
 - 4.2.3. System specific to US Sales People..... 7
 - 4.2.4. System specific to Support Functions..... 7
 - 4.2.5. System specific to members of Candriam’s Management Body 7
 - 4.2.6. System specific to employees who participate in any of the Stock Incentive Plans (RSU and/or ESP)..... 7
 - 4.2.7. Deferral of variable remuneration above a specific threshold 8
 - 4.3. Benefits 8
- 5. Special rules for Internal Control Functions 9**
- 6. Identification of “identified staff” 9**
- 7. Governance..... 10**
- 8. Delegation 10**



1. Introduction

This Remuneration Policy applies to remuneration within Candriam and Candriam Switzerland (together “Candriam”).

It takes into account Candriam’s business strategy, objectives, risk tolerance, and the long-term interests of Candriam’s clients, shareholders and employees. It also seeks to promote sound and effective risk management and behaviour which is consistent with the risk profile, strategy, objectives and values of the managed funds and discretionary portfolio management mandates.

The Remuneration Policy is subject to annual review and if indicated by the review, subsequent update.

2. General principles

2.1. Supporting business strategy, objectives, values and long-term interests of Candriam and its clients

Candriam’s overarching objective is to provide long term investment performance to its clients. The Remuneration Committee ensures that Candriam’s remuneration philosophy supports its business strategy and, where appropriate, the strategy of the managed funds.

Candriam’s remuneration philosophy aims to (i) attract and retain the best skills and talent by offering competitive packages and differentiating among employees on the basis of performance; (ii) foster employee engagement by rewarding fairly and consistently across businesses, teams and individuals and (iii) strengthen its leadership by rewarding performance as the combination of both results and behaviours.

2.2. Risk management and risk tolerance

As a responsible asset manager, Candriam recognises the importance of promoting sound and effective risk management including sustainability risks in the management of funds and other investment portfolios. To prevent excessive risk-taking, Candriam has designed policies to promote responsible staff behaviour which duly considers sustainability impacts. Candriam’s structure of remuneration is linked to risk adjusted performance.

In this respect, Candriam aims to provide an appropriate remuneration environment and to ensure that employees are not incentivised to take inappropriate and/or excessive risks including sustainability risks which are inconsistent with the risk profile of Candriam and, where appropriate, the managed funds and discretionary portfolio management mandates. Moreover, when taken into account by the fund or mandate, Candriam ensures that staff duly consider sustainable impacts.

The size of all bonus pools can be adjusted by Candriam on a discretionary basis. In particular, bonus pools can be adjusted by taking into account certain risk and compliance factors which are set and monitored by Candriam’s internal control functions.

The distribution of bonuses at an individual level is also subject to discretion. Such discretion notably enables risk and compliance considerations to be taken into account at all appropriate management levels.



2.3. Balanced Remuneration

Fixed and variable components of total remuneration paid by Candriam to its employees are appropriately balanced and the fixed component is high enough to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component.

Candriam adheres to a clear distinction between the criteria used for setting basic fixed remuneration and variable remuneration. Basic fixed remuneration primarily reflects the relevant professional experience and organisational responsibility. Variable remuneration primarily reflects the employees' performance, including their performance in excess of that required to fulfil their job description.

2.4. Guaranteed Bonuses

Guaranteed variable remuneration is not permitted unless it is exceptional, occurs in the context of hiring new staff, is limited to the first year of a new employee's service, and is paid at a time when Candriam has a sound and strong capital base.

2.5. Termination Payments

Payments relating to the termination of an employment contract must reflect performance achieved over time and be designed in a way that does not reward failure.

2.6. Pension Policy

Candriam will ensure that its pension policy is in line with the business strategy, objectives, values and long-term interests of Candriam and, where appropriate, the managed funds. Candriam's current pension policy does not provide for the possibility to pay discretionary pension benefits, including to employees leaving Candriam.

2.7. Personal Investment Strategies

The staff of Candriam is prohibited from entering into personal hedging strategies or other arrangements which undermine the risk alignment effects embedded in Candriam's remuneration policy.

Candriam will not pay (and will not support/accept the payment of) variable remuneration through vehicles or methods that facilitate the avoidance of the requirements of this policy and applicable laws.



3. Performance Evaluation Process

Candriam manages the yearly performance evaluation process based on qualitative and quantitative measures, including the achievement of pre-established objectives and the employee's professional and personal skills.

The total amount of remuneration is based on a combination of the assessment of the performance of the individual and of his/her business unit and the overall results of Candriam. When assessing individual performance, Candriam will take into account both financial and non-financial criteria. To the extent necessary, Candriam will set the evaluation of performance in a multi-year framework appropriate to the life cycle of the funds it manages, where applicable, in order to ensure that the performance evaluation process is based on longer term performance.

Qualitative performance evaluation includes the evaluation through a range of factors like risk management including sustainability risks, awareness of sustainability impacts, governance and compliance, teamwork, people leadership, people development and alignment to Candriam's goals and values.

For Front Office (Fund Managers and Analysts), the performance of funds as well as the underlying factors influencing fund performance such as the market environment and the risk management including sustainability risks, the attitude towards clients, the fund competitive position and the evolution of AUM (=Assets Under Management) are key factors in the appraisal.

For Sales, the Net New Cash as well as the underlying factors influencing the sales performance such as the market environment, the ability to retain existing assets, team management and leadership are key factors in the appraisal.

4. Overview of the Remuneration Package

Remuneration currently includes base salary, benefits and an annual performance bonus.

4.1. Base Salary

The base salary is reviewed annually after an individual evaluation of each employee. It takes into account the results of the employee evaluation and the evolution of the employment market.

4.2. Variable Remuneration – Incentive Plan

All Candriam employees may benefit from an annual variable remuneration incentive that takes into account Candriam's results, team performance, individual qualitative and quantitative performance, and overall individual contribution to the success of the company. Some of the principles applied may be different depending on the employee's business line, level of responsibility, level of remuneration and country in which he or she is located.

Additionally, Candriam employees may also participate, at the discretion of the Remuneration Committee, in any of the following stock incentive plans:

- the Restricted Stock Unit Plan (the "RSU Plan");
- the Employee Share Plan (the "ESP").



4.2.1. System specific to Front Office (Fund Managers & Analysts)

The bonus for Fund Managers and Analysts is determined both on:

- **Quantitative** assessment based notably on:
 - Relative performance of funds and discretionary portfolio management mandates versus benchmarks
 - Performance fees pool, if applicable
 - Fund financial and non-financial performance and the way performance is achieved
 - Alpha identification, namely assessing possible market effect (beta) and manager effect (alpha including sustainable alpha where relevant)
 - Fund competitive position
 - AUM and capacity to raise assets for the strategy
- **Qualitative** assessment based notably on:
 - Compliance with all applicable compliance/risk management/operational procedures (including due consideration of sustainability risks and impacts in line with Candriam Policies)
 - The consistency and alignment of the manager to the Candriam strategy
 - Quality of investment process & strategy and documentation
 - Involvement in team work
 - Attitude towards Clients

The detailed systems are depending on the funds and discretionary portfolio management mandates managed (including the way they take into account sustainability risks and impacts).

4.2.2. System specific to Institutional Sales People

The bonus allocated to Institutional Sales People is notably linked to the profitability of the Net New Cash they collected during the year, according to the following system:

- A **quantitative** part of **10% net** of the annual net revenue on the Net New Cash generated by each individual (employers' contribution in addition);
- A **qualitative** part from **0% to 10% net** of the annual net revenue on Net New Cash generated by the team (employers' contribution in addition).

The amount is split among members of the team using amongst others the following criteria:

Corporate attitude, towards clients, compliance with all applicable compliance, risk management and operational procedures, involvement in teamwork, support to revenue generated elsewhere and other forms of contribution to the reputation and success of the business, consistency and alignment to the Candriam Strategy.



4.2.3. System specific to US Sales People

The bonus pool available for the US Sales People is determined in a discretionary manner with a top down approach.

The bonus pool is then allocated on a discretionary basis depending on the following criteria: KPIs and budget, Efficiency and Costs, Client orientation and individual achievements: Corporate attitude, towards clients, compliance with all applicable compliance, risk management and operational procedures, involvement in teamwork, support to revenue generated elsewhere and other forms of contribution to the reputation and success of the business, consistency and alignment to the Candriam Strategy.

4.2.4. System specific to Support Functions

The bonus pool available for Support Teams is determined in a discretionary manner with a top down approach.

The bonus pool is then allocated on a discretionary basis between “Support” staff depending on their individual as well as business line and team evaluation based on the following criteria: KPIs and budget, Efficiency and Costs, Client orientation and individual achievements.

4.2.5. System specific to members of Candriam’s Management Body

The bonus pool available for executive members of the Candriam Management Body is determined in a discretionary manner with a top down approach.

The bonus pool is then allocated on a discretionary basis between the executive members of the Candriam Management Body depending on their contribution to Candriam’s profitability and performance, as well as their contribution to Candriam’s ESG & Sustainability goals and CSR commitments.

The Board of Directors of Candriam approves the proposed bonuses and salary increases made by the Remuneration Committee for the executive members of this management body.

Non-executive members of Candriam’s Management Body will never receive any form of variable remuneration from Candriam.

4.2.6. System specific to employees who participate in any of the Stock Incentive Plans (RSU and/or ESP)

Participation in those stock incentive plans will be determined on the basis of the performance assessment of the relevant employees.

Employees that are entitled to participate in a stock incentive plan may be granted restricted stock units or fully paid Class B ordinary shares of Candriam.

Shares will be subject to sales restrictions and Candriam may require the relevant employee to sell the shares on leaving employment at a price provided for by the rules of the relevant stock incentive plan. Restricted stock units lapse on leaving employment.



Any payment under any incentive plan will be subject to appropriate malus and/or clawback provisions as set out in the variable remuneration documentation.

4.2.7. Deferral of variable remuneration above a specific threshold

The rules set out below apply in the event that the variable remuneration of an employee on a given year is greater or equal to €100,000.

The general principles of deferral of variable remuneration are the following:

- All bonuses over the thresholds above will be partially deferred;
- 60% (50% for Executive Committee members and 40% for High Earners) of the total amount is paid (upfront) in equal proportion of cash (at the latest in March following the year of reference) and in instrument subject to a 6-month retention period,
- 40% of the total amount is deferred over 3 years (50% for the Executive Committee members and 60% for High Earners).

The deferred part of the bonus (40% of the total variable remuneration) will in principle be split evenly over the 3 years of deferral: 13.33% of the total variable remuneration in year 2, 13.33% in year 3 and 13.33% in year 4.

In year 2 and 3, the bonus is paid partly in cash, partly in cash indexed on a basket of funds (phantom funds).

In year 4, part or all of the deferral is paid with Candriam equities. These equities have a vesting period of 3 years (ESP).

Suspensive Conditions

The Year 1, Year 2 Year 3 and Year 4 Variable Remuneration will vest subject to the financial situation of Candriam and the performance of the individual concerned. Awards can be considerably reduced and even reduced to zero where subdued or negative financial performance of Candriam taking into account notably current compensation and reductions in pay-outs of amounts previously earned, including through malus or clawback arrangements.

4.3. Benefits

Depending on location and function, some fixed benefits can also be granted to employees. Candriam does not grant variable benefits to its employees.

These fixed benefits include, among others: seniority awards (depending on length of service), company cars, family events awards, pension plans, mandatory and voluntary profit sharing agreements, lunch vouchers, participation to transports costs, health insurance, death insurance.

Those benefits vary according to the legal obligations of each country, and can be reviewed/amended from time-to-time by Candriam.



5. Special rules for Internal Control Functions

Candriam's internal control functions (Internal Audit, Risk Management and Compliance) operate independently of the business units they supervise.

Incentive remuneration for internal control function staff is intended to be sufficient to attract and retain qualified and experienced employees and to avoid conflicts of interest. The incentive remuneration is driven by Candriam's earnings, the market value of the role, and the individual's skill set and performance (based on function specific objectives). It is not based on the performance of the business unit which is directly supervised by the relevant internal control function employee.

Individual performance is reviewed through the performance appraisal process which includes whether employees achieve certain objectives linked to their functions, independent of the performance of the business areas they supervise. Individual behaviours are also taken into account during the individual assessment process.

The remuneration of the senior officers in internal control functions is directly overseen by the Remuneration Committee.

6. Identification of "identified staff"

In accordance with applicable laws and regulations, Candriam shall identify its employees who qualify as "identified staff" ("**Identified Staff**").

The criteria used by Candriam to determine whether employees are Identified Staff include the following:

- (i) the employee is a member of a governing body of Candriam
- (ii) the employee is a senior manager who effectively conducts the business of Candriam ;
- (iii) the employee is in a control function, including risk management, compliance and internal audit;
- (iv) the employee responsible for heading the portfolio management, administration, marketing, human resources;
- (v) the employee is a "risk taker", including:
 - (a) employees (such as sales person, individual traders and specific trading desks) capable of entering into contracts or positions that materially affect the positions of Candriam or the funds it manages;
 - (b) employees whose activities could potentially have a significant impact on the results of Candriam and/ or its balance sheet and/ or the performance of the funds it manages.
 - (c) employees whose remuneration takes them into the same remuneration bracket as the categories above, and who have a material impact on Candriam or the funds it manages.

An employee that falls within one of the above categories would not be considered as Identified Staff if it is demonstrated that his professional activities do not have a material impact on the risk profiles of Candriam and the funds it manages.

The remuneration of Identified Staff shall comply with applicable laws and regulations relating to remuneration policies in the financial sector. The content of this Remuneration Policy Statement (notably Section 0 on deferral) has been drafted accordingly.



7. Governance

It is the responsibility of the Board of Directors of Candriam to adopt, periodically review and implement the general principles of Candriam's remuneration policy. At least once per year, the implementation of Candriam's remuneration policy is subject to central and independent internal review.

Candriam has established a Remuneration Committee. It is composed of non-executive directors who can exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk. Members of the Remuneration Committee are not remunerated by Candriam.

The Remuneration Committee meets at regular intervals to review the implementation of Candriam's remuneration policy. In particular, the Remuneration Committee reviews employees' remuneration and ensures consistent and fair application of the remuneration policy within Candriam as well as compliance with applicable regulatory rules and recommendations with regard to remuneration. When preparing decisions regarding remuneration, the Remuneration Committee takes into account the long-term interests of shareholders, investors and other stakeholders in Candriam and the public interest.

8. Delegation

In accordance with the ESMA Guidelines on sound remuneration policies under the UCITS Directive and under AIFMD, Candriam, in order to ensure that the remuneration rules are not circumvented, undertakes that in case of delegations of investment/portfolio management functions (including risk management), it will ensure that:

- the entities to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under these guidelines; or
- appropriate contractual arrangements are put in place with entities to which investment management activities have been delegated.