



# EXTERNAL DISCLOSURE ON BNP PARIBAS DEALING SERVICES' REMUNERATION POLICY, AN INVESTMENT FIRM OF THE ASSET MANAGEMENT BUSINESS LINE OF BNP PARIBAS GROUP

July 2025

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The objective of a remuneration policy is to ensure all employees are compensated in a way that complies with management guidelines, while offering transparency and consistency in the remuneration strategy, and ensuring compliance with applicable regulations.

In asset management and investment services, where human capital is crucial, a company's remuneration policy and practices have a significant impact on competitiveness, helping it recruit and retain talent.

Fostering awareness of our compensation policy and practices among our managers and employees is particularly important to BNP Paribas Asset Management (BNPP AM), the asset management business line of BNP Paribas Group.

## WHAT ARE THE KEY PRINCIPLES OF BNPP AM'S REWARD POLICY?

First, our reward strategy is designed to achieve a sound, responsible and effective remuneration policy and practice. In particular, it is designed to:

- avoid conflicts of interest;
- protect the clients' interests; and
- ensure there is no encouraging of excessive risk-taking.

*These three points are central to our policy and are emphasized to all our employees.*

To meet these objectives, we use a best practice, which is to align the long-term interests of the employee, the employer and its clients.

Secondly, in concrete terms, BNPP AM's remuneration policy centres around four guiding business principles:

**Pay for Performance:** our results-oriented reward policy helps us attract, motivate and retain the best and most effective talent.

**Share Wealth Creation:** monitoring closely the pay-out ratio of variable remuneration relative to BNPP AM's operating profits (before variable remuneration), allows us to efficiently align the remuneration of BNPP AM's human capital with that of our shareholders.

**Aligning employee's and company's goals,** particularly for investment and trading teams and senior managers, notably with deferred and indexed compensation plans, enables us to create a closer "*line of sight*", further strengthening the link between performance and rewards.

**Promoting an element of employee risk-sharing** (which we dub "*skin in the game*"), ensures that investment teams and senior managers are fully committed to the long term performance of the company and its products.

Together, these guiding principles help shape the BNPP AM approach to reward, resulting in what we call "Total Reward".

Indeed, monetary remuneration is just one part of our total reward package. We also offer our employees competitive benefits, exciting career opportunities and a dynamic workplace offering challenges and a sense of achievement.



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## WHAT TYPES OF REMUNERATION ARE AWARDED IN PRACTICE?

BNPP AM's compensation structure is made up of two main types of remuneration:

- Everyone benefits from **Fixed Compensation** or a base salary, reflecting the individual's role, qualifications and experience, as well as a satisfactory level of commitment.
- **Variable Compensation** is a supplement available to a wide range of employees and based on individual and collective performance. It is usually delivered in cash in March after the end of the performance measurement period, but can be subject to deferral, with payment over several years, settled after various risk adjustment factors have been applied.

## HOW IS PERFORMANCE MEASURED AND LINKED TO VARIABLE REMUNERATION?

Remuneration depends not just on individual success, but also on the whole company's performance.

For awards of variable remuneration, the global variable remuneration pool is a result of BNPP AM's overall performance, reflecting its success in meeting major business objectives. In a top-down approach, this collective performance is assessed and cascaded down to BNPP AM departments, based on specific key performance indicators.

Finance and HR help BNPP AM's top Management determine the annual global variable remuneration pool, based on an estimate of BNPP AM's profit before variable remuneration. This estimate is made after adjustments from Risk, Compliance, Legal and Operational Risk Control have been factored in, as may be needed. This helps ensure that all existing and foreseeable risks<sup>1</sup> are duly taken into account.

Individual performance is assessed all along the year, then at the end of it, thanks to a performance rating, based primarily on individual objectives<sup>2</sup> set at the beginning of the year, for each BNPP AM employee.

Here as well, managers are required to pay specific attention to all existing and foreseeable risks (as defined above), when carrying out their employees' annual individual appraisal. This can be done using key performance indicators tailored to each employee, pre-defined during the semi-annual objectives' setting and re-assessment processes.

Furthermore, specific methodologies have been developed to measure the performance of investment managers and sales teams.

Notably, for investment managers, excess performance over the benchmark are quantitatively measured, as a proportion of the target excess return of the portfolios, controlling that risks taken stayed within the pre-set risk budgets.

This calculation is done on one and three years, or one, three and five years, with both the depth of performance and the relative weight of performance for each year, defined by asset classes. Furthermore, the flagship portfolios of the team are given specific weights, under supervision from Risk, Compliance and HR..

For control functions, such as Compliance, Risk, Legal and Operational Risk Control, fixed and variable compensation is set independently from the performance and the compensation pool of the business areas that they oversee or monitor. This is secured by BNP Paribas' organisation in integrated central control functions, with their heads directly reporting to BNP Paribas' CEO.

Furthermore, for deferred and indexed awards, specific risk adjustments may be applied after their awards, generally at their vesting dates at the end of their deferral periods. The remuneration committee of BNP Paribas Asset Management Holding (BNPP AM Holding), the parent entity of BNPP AM business line, reviews all these awards annually, before they are paid out, and oversees that where needed, a malus, i.e. a downward adjustment to account for significant risks or underperformance (e.g. severe financial stress of BNPP AM, cases of individual misconduct, etc.) is applied. Ultimately, such remuneration committee may also apply at its discretion a malus.

In case an event of misconduct is identified after a deferred and indexed award has been paid out, BNPP AM can resort to commercial terms of its awards (subject to applicable legislation), to recoup (or "claw-back") all or part of such unduly perceived variable remuneration.

**For the avoidance of doubt, in case of misconduct, variable remuneration can be reduced to zero.**

<sup>1</sup> e.g., market, credit, operational, liquidity, compliance, litigation risks...

<sup>2</sup> BNPP AM ensures that quantitative objectives are always supplemented with qualitative objectives

## HOW ARE THE REMUNERATION DECISIONS CALCULATED AND TAKEN AND HOW IS THE REMUNERATION POLICY GOVERNED?

Remuneration decisions are made by enforcing the BNP Paribas Group's CRP or Compensation Review Process. CRP is a global end-of-year review used to validate every type of compensation. Its collaborative software platform allows the collective and individual performance impacts to be efficiently managed.

It also helps ensure employees receive equal and fair treatment, delegation rules are respected and remuneration decisions are verified by both a manager and HR at every step.

As a significant input to the Compensation Review Process, individual market benchmarks for fixed as well as variable remuneration are used from leading providers (mainly McLagan and Towers Watson).

As a rule, BNPP AM has a discretionary approach to its variable remuneration decisions, and implements them systematically via the BNP Paribas Group's CRP. In practice, the bonus pool is determined during the fourth quarter, based on estimates of performance indicators calculated by Finance and HR, in liaison with the business, Risk and Compliance, in the frame of the budgetary cycle. In particular, with regards to variable remuneration award for certain investment managers executives (i.e. portfolio manager and their team heads) BNPP AM uses quantitative indicators to help align their interests with that of BNPP AM and its clients.

Ultimately, the global remuneration policy is designed and overseen by BNPP AM Holding's board of directors and its remuneration committee, who are responsible for ensuring its relevance and effectiveness at all times. This remuneration committee is chaired by one independent director of the board.

## WHO SITS ON THE BNPP AM HOLDING REMUNERATION COMMITTEE AND WHO ARE THE REWARD DECISION MAKERS?

The BNPP AM Holding remuneration committee comprises the following directors<sup>3</sup>:

- Colin Clark: independent director, Chairman of Remuneration Committee of BNPP AM Holding's board of directors;
- H  l  ne Leclerc: independent director;
- Jacques d'Estais: Board member of BNPP AM Holding
- Renaud Dumora: Board member of BNPP AM Holding

In addition, the reward decision makers are those listed in Appendix 1.

## HOW IS THE LIST OF IDENTIFIED STAFF DETERMINED?

BNPP AM identifies its regulated staff with a significant impact on the risk profile of their employer or on the portfolios that they manage, if any, in a consistent manner across all of its AIFMD and/or UCITS licenced entities and/or Investment Firms ("IFs"):

- In asset management companies (i.e. entities licensed under UCITS or AIFMD), regulated staff are the heads of control functions (notably the heads of risk and compliance), as well as the board members and the CEO, deputy CEO and the CIOs.
- At portfolio level, portfolio managers are included in the identified staff.
- In IFs, the identification of regulated staff is made in compliance with the applicable specific regulation and a procedure, supervised by the remuneration committee of BNPP AM Holding. This procedure's principles are generally consistent with the ones implemented for asset management companies.

Where non-AIFM or non-UCITS or non IF entities of BNPP AM are subject to other types of identification of staff requirements, BNPP AM ensures it respects rigorously those local requirements.

<sup>3</sup> In order to ensure that the independent board members have a majority, the charter provides a double voting right to the President

## WHAT SPECIFIC REMUNERATION POLICY APPLIES TO THEM?

As a principle, Identified Staff have at least 40% of their variable remuneration deferred over three years (with pro-rata annual vesting). This deferral is fully in “remuneration instruments” i.e. in the form of cash indexed on relevant indices:

- For senior managers (excluding investments and control functions), the index is a weighted average, for 25% on the variation of the total return of a basket of portfolios common to all employees of BNPP AM and for 75%, the variation in BNPP AM’s operational result<sup>4</sup> over the deferral periods (1, 2 and 3 years respectively for each third of the initial award).
- For portfolio managers, the index is a weighted average for 25%, on the variation of the total return of a basket of portfolios common to all employees of BNPP AM, and for 75%, on the total return of a basket of portfolios representative of the portfolio manager’s team activity. All indices are measured over the deferral periods (1, 2 and 3 years respectively for each third of the initial award).
- For heads of control functions, there is no indexation, to preserve their independence.

Where the applicable regulations require more than 40% of variable remuneration paid in instruments (typically, 50%), part of the non-deferred remuneration may be paid in retained instruments (ie the same instruments as those deferred, but only held for a period of six months, without vesting conditions).

## HOW DOES BNPP AM IMPLEMENT PROPORTIONALITY?

For asset management companies, in line with general market practice, Identified staff who earn less than 200,000 euros of variable remuneration for their regulated activity (e.g. board directors’ fees, junior portfolio managers…) will not be subject to the mandatory thresholds of 40% deferral and 50% in instruments on the entirety of their annual variable remuneration award.

For investment firms, specific exemption rules provided by the regulation (notably the article 32-4 of the EU Directive 2019-2024) are implemented.

Notwithstanding the two previous paragraphs, BNPP AM’s Identified Staff may still have part of their variable remuneration deferred and/or paid in instruments (as described above), for strategic retention reasons. Indeed, a firm-wide progressive grid of deferral is applied, function of the variable remuneration award’s level (applicable above a unique threshold defined internally)

In any case,, for Identified Staff who do not benefit from specific regulatory exemptions, the minimum 40%<sup>5</sup> regulatory deferral percentage (on the entirety of their annual variable remuneration) replaces the firm-wide progressive deferral grid, when their variable annual remuneration award exceeds 200,000 euros:

## WHAT ABOUT INVESTMENT MANAGEMENT DELEGATIONS?

In order to best leverage on its wide array of investment capabilities, BNPP AM resorts to internal delegations of portfolio management activities. Overall, there is only little use of delegations to asset managers external to BNPP AM. Internal delegations are generally given to other entities of BNPP AM, which are subject to the same BNPP AM Global Remuneration Policy. When a delegation is made to an internal entity of BNPP AM which is not subject to AIFMD or UCITS V, BNPP AM ensures that the corresponding identified staff is subject to its BNPP AM Global Remuneration Policy for its AIFM and/or UCITS V entities.

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This disclosure of BNPP AM’s remuneration policy and practices was prepared by the HR, Compliance, Risk & Operational Risk Control and Legal departments of BNPP AM, and was approved by BNPP AM’s management.

The last update of the BNPP AM Remuneration Policy was reviewed and approved by BNPP AM Holding’s Board of Directors on March 26<sup>th</sup> 2024.

Wherever local law so requires, the Policy was presented to staff representatives, regulators, and other stakeholders as may be appropriate.

Regarding BNP Paribas Dealing Services, it is brought to the attention of the reader that:

- other annual disclosures required by articles 46 to 50 of the EU Regulation 2019-2033 are provided in the leaflet published to the *Bulletin des Annonces Légales Obligatoires* (“BALO”) after the general assembly, in may 2024;
- the maximum variable-to-fixed ratio planned to be used for performance year 2024, and notably during the compensation review process 2024/2025, is 20, as was the case in the prior year;
- all the identified staff for 2023 benefit from the exemption provided in article 32, paragraph 4, point a) of the EU Directive 2029-2034.

<sup>4</sup> Moreover, an additional and conditional indexation (downward-adjusting only), linked to the total excess return of a basket of representative funds, is applied if the operational result has a positive evolution whilst this basket shows significant underperformance.

<sup>5</sup> respectively, 60%, when annual variable remuneration award is above 750,000 euros.

## APPENDIX 1: REWARD DECISION MAKERS<sup>6</sup>

For BNP Paribas Dealing Services:

Sophie Lugiez: Chief Executive Officer  
Stephane Rouillon: Head of Human Resources

## APPENDIX 2: QUANTITATIVE DISCLOSURES

### REMUNERATION AWARDED IN THE FINANCIAL YEAR 2024

Amounts in 000s EUR	# Beneficiaries	Total Remuneration (fixed + variable)	o/w Variable	o/w Fixed*
All employees	51	9 166	3 578	5 589
IFD Regulated Staff	40	8 155	3 374	4 781
o/w Senior Management	7	2 655	1 497	1 158
o/w other Material Risk Takers	33	5 500	1 877	3 623

\* Fixed Remuneration is only composed of salary

### VARIABLE REMUNERATION AWARDED IN THE FINANCIAL YEAR 2024

Amounts in 000s EUR	# Beneficiaries	Total variable remuneration	o/w Upfront cash	o/w Upfront cash indexed	o/w Deferred & indexed
All employees	51	3 578	2 876	112	577
IFD Regulated Staff	40	3 374	2 675	112	574
o/w Senior Management	7	1 497	940	112	445
o/w other Material Risk Takers	33	1 877	1 735	-	129

### DEFERRED REMUNERATION AWARDED FOR PREVIOUS PERFORMANCE PERIODS

Amounts in 000s EUR	Deferred remuneration awarded for previous performance periods	o/w due to vest in 2025*	o/w due to vest in subsequent years
All employees	2 070	552	1 519
IFD Regulated Staff	2 070	552	1 519
o/w Senior Management	1 480	387	1 093
o/w other Material Risk Takers	591	165	426

\* None of the amounts of deferred remuneration due to vest and pay out in 2025 was subject to reduction through performance adjustments.

<sup>6</sup> Names & positions are those currently in effect. In case of an evolution, this disclosure will be updated as soon as practically possible.

## GUARANTEED VARIABLE REMUNERATION AWARDS DURING THE FINANCIAL YEAR

<i>Control</i>	# Beneficiaries	Guaranteed variable remuneration
All employees	-	-
IFD Regulated Staff	-	-
<i>o/w Senior Management</i>	-	-
<i>o/w other Material Risk Takers</i>	-	-

## SEVERANCE PAYMENTS AWARDED

<i>Amounts in 000s EUR</i>	# Beneficiaries	Severance payments awarded during the financial year	o/w Upfront	o/w Deferred
All employees	-	-	-	-
IFD Regulated Staff	-	-	-	-
<i>o/w Senior Management</i>	-	-	-	-
<i>o/w other Material Risk Takers</i>	-	-	-	-

*NB: There was no severance payments awarded in previous periods, that have been paid out during the financial year*



# Remuneration practices & Sustainability risks integration

March 2024

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## SUSTAINABILITY AT THE HEART OF BNPP AM'S STRATEGY

### GLOBAL SUSTAINABILITY STRATEGY

In a changing world, we focus on achieving long-term sustainable returns for our clients, to make a positive difference in people's futures. BNPP AM's strong commitment towards sustainable investment is comprehensively described in its firm-wide Global Sustainability Strategy (GSS)<sup>1</sup>.

BNPP AM's Global Remuneration Policy is fully aligned with the GSS, as it represents a core element of BNPP AM's overall strategy. Set out below are the key remuneration practices that allow to make sustainability risks integration, part and parcel of BNPP AM's remuneration policy.

## SUSTAINABILITY RISKS IN BNPP AM'S REMUNERATION POLICY & PRACTICES

### INTEGRATION OF SUSTAINABILITY RISKS IN RELEVANT EMPLOYEES' INDIVIDUAL OBJECTIVES

As mentioned in Section 3 of BNPP AM's Remuneration Policy, "all of our employees, whose remuneration is decided during CRP [Compensation Review Process], are appraised through continuous feedback and annual review against a set of objectives that are specific to the nature of their role."

First, BNPP AM's management recognises that each team within BNPP AM does contribute to the achievement of BNPP AM's overall strategy, hence plays a role in the reaching of its sustainability goals.

More concretely, sustainability-related roles and responsibilities were defined for a set of key internal functions more closely involved with Sustainability at BNPP AM, and specific objectives were assigned, which are cascaded down to teams and individuals where relevant. At the end of the year, the fulfilment of these objectives is assessed, among others, in the annual performance reviews, which are a key input in the determination of the annual variable remuneration awards. This determination remains a discretionary process, in line with BNPP AM Global Remuneration Policy's standard practice.

Teams with such assignment of specific sustainability objectives are the following:

▶ **Executive Committee**

Where relevant, Executive Committee members have goals relating to the successful implementation of BNPP AM's Global Sustainability Strategy, and the integration of sustainability risks, across our organisation. The Global Sustainability Strategy encompasses a comprehensive suite of policies and procedures designed to integrate the evaluation of sustainability risks throughout our investment processes and stewardship activities.

▶ **The Sustainability Centre**

This team plays a central role in the design and implementation of BNPP AM GSS:

- driving our approach to sustainable investment;

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<sup>1</sup> <https://www.bnpparibas-am.com/en/sustainability/>



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- being responsible for developing and implementing the firm's Global Sustainability Strategy, ESG Integration Guidelines and Policy, Stewardship Policy, Responsible Business Conduct Policy and product-based exclusions, as well as the firm's ambitious targets on issues such as the energy transition, the environment and equality;
- providing investment teams with research, analysis and data at company and sectoral levels, and also supporting teams in their efforts to fully integrate sustainability-related risks and opportunities into investment strategies;
- playing a crucial role in measuring, tracking and reporting on BNPP AM's impact and progress on sustainability;
- driving BNPP AM's ESG-related stewardship activities, which include proxy voting and engagement with companies and policy makers; and setting the strategic direction as well as playing an advisory and coordination role to the investment teams in their dialogues with companies on sustainability-related issues.

Thus, many objectives of Sustainability Centre members do relate to the integration of sustainability risks.

#### ► Investment teams

At the core of our investment processes, particularly those with an explicit ESG related objective, analysts and portfolio managers integrate ESG factors into their company, asset and sovereign evaluation and investment decision-making processes.

Investment teams are responsible for implementing our ESG Integration Guidelines for the assets they manage, which include a number of key objectives such as:

- (i) the integration of ESG information (and risks) in investment decision-making; and
- (ii) the aim to 'beat the benchmark' (where an investible benchmark exists) on the ESG score and carbon footprint of their portfolios (noting that some non-standard cases exist).

Successfully implementing our ESG Integration Guidelines is reflected in the objectives of our Chief Investment Officers, and cascaded to their investment teams where relevant.

#### ► ESG Champions

ESG Champions have been appointed within Investments and the Global Client Group in order to help promote sustainable investment and integrate sustainability risks within each team, liaising with the Sustainability Centre. Champions typically participate in relevant training sessions, which are organised centrally both for the ESG Champions as well as across investment and commercial teams. Each investment team has at least one ESG Champion who is notably, responsible for communicating issues related to sustainability risks to team members. ESG Champions' objectives reflect this, including additional goals specific to their Champion role.

#### ► Quantitative Research Group (QRG)

- Co-develop ESG Scoring using, among other criteria, a materiality and risk-based approach
- Develop new research methodologies and approaches
- Research on and monitor the link between ESG integration and investment performance

This is reflected in the objectives of this department, and cascaded to its members, where relevant.

#### ► RISK function

Sustainability risks are included in the RISK function's controls:

- Respect of ESG criteria objectives described in the fund prospectus's investment guidelines, and ensure successful implementation of our Responsible Business Conduct (RBC) Policy
- Insertion of ESG criteria within the credit risk policy
- Contribution to ESG model reviews

This is reflected in the objectives of the RISK function, and cascaded to its members, where relevant.

## INCLUSION OF SUSTAINABILITY RISKS IN OUR RISK-ADJUSTED REWARD FRAMEWORK

First, section 4.1 of BNPP AM's Remuneration Policy explicitly mentions that the Bonus Pool is determined annually taking into account "current and future risks (including sustainability ones)".

In addition, section 3 of BNPP AM's Remuneration Policy states that "Regulated Staff and SMPs (holders of Senior Management Positions in a Group wide context) have mandatory Compliance and Risk objectives. If these two objectives are not met, the variable compensation of the concerned employees may be reduced under the supervision of the Remuneration Committee".

Meeting of the mandatory Risk objective is decided by examining the employee's manager appraisal and the assessment by the RISK function, during a Risk and Compliance review committee at the end of the Compensation Review Process.

Thus, more generally and based on its controls, RISK function is able to raise sustainability risks-related breaches, together with Compliance and HR:

- during the Risk & Compliance review, leading to potential negative impacts on variable remuneration to be awarded at the end of the Compensation Review Process, and
- before the vesting of deferred bonus plans, leading to potential malus on the vesting amounts.