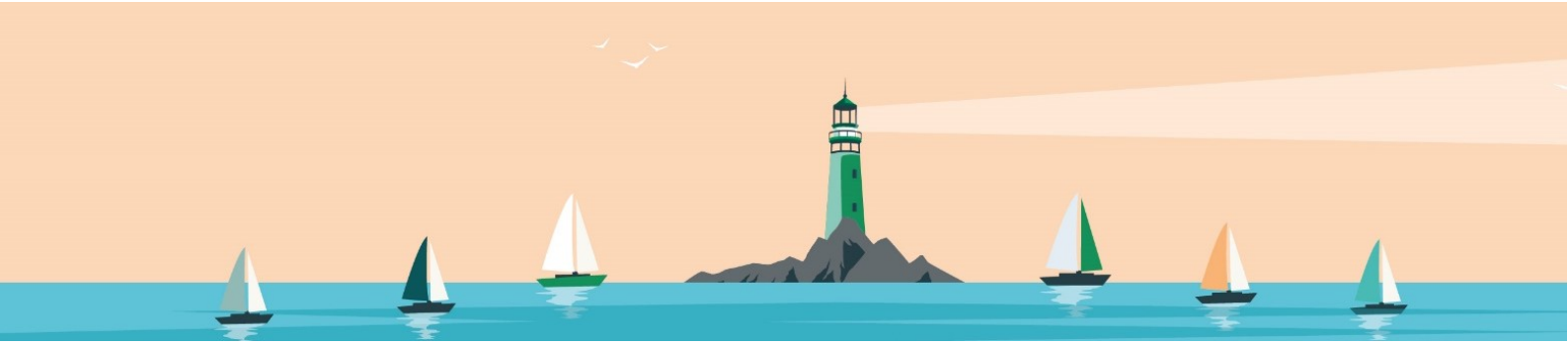


EXTERNAL DISCLOSURE ON BNP PARIBAS ASSET MANAGEMENT UK LIMITED'S REMUNERATION POLICY, AN INVESTMENT FIRM OF THE ASSET MANAGEMENT BUSINESS LINE OF BNP PARIBAS GROUP

November 2022

The objective of our remuneration strategy 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 remuneration approach and practices among our managers and other employees is particularly important to BNP PARIBAS ASSET MANAGEMENT (BNPP AM or Company), the asset management business line of BNP Paribas Group, which includes BNP PARIBAS ASSET MANAGEMENT UK LIMITED (BNPP AM UK).

BNPP AM's portfolio management activities cover a large range of asset classes (i.e. bonds, equities, diversified and alternative). Its reputation is built on strategies that are implemented with strict adherence to investment compliance and in line with the culture of efficiently managed risks.

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 approach for all employees. 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 approach, which is to align the long-term interests of the employee, the Company and our clients.

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

Pay for Performance: our results-oriented approach to reward 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 and Company goals, particularly for investment 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.

WHAT TYPES OF REMUNERATION ARE AWARDED IN PRACTICE?

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

- Everyone benefits from **Fixed Compensation** i.e. a base salary[1], 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 comprises bonus which 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. It also includes, where applicable, long term incentive awards.

BNPP AM UK sets appropriate ratios of variable to fixed components of remuneration for relevant employees, i.e. employees that have been identified as Material Risk Takers ("**MRTs**") under the the Investment Firms Prudential Regime, implemented in the UK by the Financial Conduct Authority's MIFIDPRU Remuneration Code. Ratios may differ for different categories of staff, and from one performance period to the next. The ratios take into account BNPP AM UK's business activities and associated prudential and conduct risks, as well as the roles and impact that different categories of employees have on BNPP AM UK's risk profile and/or the assets it manages. When setting these ratios, a range of possible scenarios are considered, including a scenario where BNPP AM UK exceeds its financial objectives.

The maximum ratio applicable to members of the Compliance function is 50%, reflecting a remuneration practice which has been implemented for several years across the BNPP Group. For other control functions, the ratio is a maximum of 100%. Setting the ratios for control functions at these levels avoids the risk of conflicts of interests and protects the independence of these functions.

Besides, at BNPP AM UK:

- guaranteed variable remuneration is not permitted unless it occurs in the context of hiring a new employee; is limited to their first year of service; and BNPP AM UK has a strong capital base. BNPP AM's approach is to check for overall profitability level and capital base in BNPP AM, and to consider BNPP AM's UK specific contribution, when determining how to apply this regulatory requirement.

- any severance pay must reflect performance achieved over time and must not reward failure or misconduct. It will be determined in accordance with the BNPP AM governance processes for such payments as may be adopted by BNPP AM UK from time to time and, where applicable, taking into account the requirements of national regulation, contractual obligations and any agreements between the employer and any local employee representation bodies. The maximum amount of, or the criteria to determine, severance pay that can be awarded to BNPP AM UK employees is set by BNPP AM Global HR department, in accordance with BNPP Group HR delegation rules, as may be amended from time to time.

- buyouts are awarded to an MRT only if they align with the long term interests of BNPP AM UK and meet the conditions specified in the Remuneration Policy.

- guaranteed variable remuneration, severance pay , buyouts and retention awards[2] are subject to malus and clawback and considered for inclusion in the ratios mentioned above.

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, which are both quantitative and qualitative. In a top-down approach, this collective performance is assessed and cascaded down to BNPP AM UK, 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 observations made by Risk, Compliance, Legal and Operational Risk Control have been factored in. This helps ensure that all existing and foreseeable financial and non-financial risks are duly taken into account including market, credit, operational, liquidity, compliance and litigation risks.

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[1] and in some cases, other benefits such as accomodation, car, or other fixed, typically expatriation-related, allowances. There are no position-related "fixed salary allowances", nor specific personal pensions, in BNPP AM UK Remuneration Policy and practice

[2] "Retention Awards" are one-off, generally deferred, bonuses granted in cases which require that a key employee be specifically retained in a role until a defined event (e.g. significant corporate events such as a merger or a restructuring, or other event) or for a set period of time.

Allocation of variable remuneration to BNPP AM UK is subject to it having a sound capital base and taking into account BNPP AM UK's profit contribution. Where BNPP AM UK's financial performance is subdued or negative, variable remuneration is generally considerably contracted.

Variable remuneration for BNPP AM UK employees is based on an assessment of their individual performance (taking into account financial and non-financial criteria, the performance of the business unit in which they work, and the overall results of BNPP AM UK). Individual performance is assessed over the year, then at the end of it, thanks to a performance rating, based primarily on individual objectives set at the beginning of the year, for each BNPP AM UK 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 is 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 is quantitatively measured, as a proportion of the target excess return of the portfolios, and requiring that risks taken stay within the pre-set risk budgets. This calculation is done over one and three year horizons, or one, three and five years for some employees, with both the depth of performance and the relative weight of performance for each year, defined by asset classes. In this way, the Remuneration Policy entails a multi-year framework, allowing for the assessment of performance over a longer-term performance period, to take account of BNPP AM UK's business cycle and its business risks. Furthermore, the flagship portfolios of the team are given specific weights, under supervision from Risk, Compliance and HR..

The Remuneration Committee of BNPP AM Holding, the parent entity of BNPP AM business line (the "Remuneration Committee") ensures that remuneration for employees in control functions is determined independently of the business. Fixed and variable compensation for control functions is set independently from the performance and the compensation pool of the business areas that they oversee or monitor.
Each employee's compliance with BNP Paribas Group's Code of Conduct is taken into account when determining their variable remuneration, with a potential negative impact in case of breach.

Besides, regulated staff (i.e. including MRTs) have mandatory Compliance and Risk objectives, with a potential negative impact on their variable remuneration in case these objectives are not met.
Variable compensation may be reduced under the supervision of the Remuneration Committee within the limit of the authority it possesses. For the avoidance of doubt, variable remuneration can be reduced to zero.

Furthermore, for certain staff subject to deferral and/or malus and clawback pursuant to the Remuneration Policy, variable remuneration is paid over several years. Specific risk adjustments may be applied after their awards are granted, generally before their vesting dates at the end of their deferral periods. The Remuneration Committee reviews these awards before they are paid out, and oversees the application of malus, i.e. a downward adjustment to account for significant risks or underperformance (e.g. in cases of individual misconduct, conduct leading to a significant loss, failure of risk management etc.).

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

Malus and clawback are implemented by BNPP AM UK in compliance with the Remuneration Policy and other locally applicable requirements as set out in BNPP AM UK's dedicated Malus & Clawback Procedure.

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

Remuneration decisions are made pursuant to the BNP Paribas Group's Compensation Review Process (CRP). 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. BNPP AM UK's Remuneration Policy[3] and practices are based on equal pay for equal work or work of equal value.

As a significant input to the CRP, 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 Remuneration Policy is designed and overseen by BNPP AM Holding's board of directors and a four-member Remuneration Committee, who are responsible for ensuring its relevance and effectiveness at all times. The Remuneration Committee ensures that the Remuneration Policy, as it applies to BNPP AM

[3] For BNPP AM UK, the Remuneration Policy is applied through the UK Appendix to the BNPP AM Remuneration Policy.

UK, is aligned with BNPP AM UK's risk appetite, business strategy, objectives, long-term interests and applicable regulatory and legislative requirements. The Remuneration Committee adopts and periodically reviews (with input from BNPP AM UK control, support and business functions as appropriate) the UK Appendix to the BNPP AM Remuneration Policy and has overall responsibility for overseeing its implementation.
The Remuneration Committee is chaired by one of the two independent directors (see below).

WHO SITS ON THE REMUNERATION COMMITTEE AND WHO ARE THE REWARD DECISION MAKERS?

The Remuneration Committee comprises the following directors[4]:

- Hélène Leclerc: independent director, Chairwoman of Remuneration Committee;
- Alain Kokocinski: independent director, Chairman of Audit Committee of BNPP AM Holding's board of directors;
- Jacques d'Estais: director of BNPP AM Holding
- Francine Calvet: director of BNPP AM Holding

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

HOW IS THE LIST OF REGULATED STAFF DETERMINED?

At BNPP AM UK, MRT identification rules in SYSC 19.G.5 include the following categories:

1. Management Body and Senior management:
   We consider BNPP AM UK SMF's under SMCR, Executive Committee and non-executive directors to fall into this category

2. Risk takers:
   We consider CIOs, Heads of Investment teams, Research teams and Trading desks, as well as Senior advisors and Chief Economist/Strategist in the UK as MRTs under this criterion.

3. Control functions:
   We consider Heads of Risk, Compliance, Legal and Audit UK to fall under this criterion.
   We also consider that the Head of Compliance has managerial responsibilities for the prevention of money laundering and terrorist financing.

4. IT management & critical outsourcing:
   We consider BNPP AM's Chief Information Officer, Chief Information Security Officer and BNPP AM UK Deputy CEO to fall under this criterion.

In addition, certain BNPP AM UK staff with a significant impact on the risk profile of AIF/UCITS portfolios they manage by delegation, are considered Identified Staff under AIFMD/UCITS regulations ("Identified Staff"). This include portfolio managers and CIOs.

WHAT SPECIFIC REMUNERATION POLICY APPLIES TO THEM?

Due to its size, BNPP AM UK is exempt from the deferral, retention period and non-cash instrument rules under the Investment Firms Prudential Regime, implemented in the UK by the Financial Conduct Authority's MIFIDPRU Remuneration Code for performance year 2022. Hence MRTs of BNPP AM UK are not subject to mandatory deferral rules per the MIFIDPRU Remuneration Code.

As a principle, Identified Staff (i.e. regulated staff per the EU's AIFM and UCITS directives) 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[5] over the deferral periods (1, 2 and 3 years respectively for each third of the initial award).

[4] To ensure that the independent board members have a majority, the Remuneration Policy charter provides a double voting right to the President

[5] ~~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.

- 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 AIFMD/UCITS 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 (i.e. the same instruments as those deferred, but only held for a period of six months, without vesting conditions).

HOW DOES BNPP AM IMPLEMENT PROPORTIONALITY?

In line with general market practice for asset management companies, 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.

Notwithstanding the above-mentioned proportionality-derived exemption as set out in the previous paragraph and section, part of BNPP AM UK staff's variable remuneration may still be deferred in instruments (as described above), to enhance global human resource management cohesiveness and also, for strategic retention purpose. Indeed, a firm-wide progressive grid of deferral (NB: 100% in instruments, as described above) is applied as a function of the variable remuneration award's level (applicable to all staff above a defined threshold). Thus, in practice, this grid is applied as a "minimum and universal deferral grid", regardless of the applicable rules and exemption possibilities.

Thus, for Identified Staff who do not benefit from specific regulatory exemptions, the minimum 40% regulatory deferral percentage (on the entirety of their annual variable remuneration) replaces the firm-wide progressive deferral grid, when their annual variable remuneration award exceeds 200 000 euros.

WHAT ABOUT INVESTMENT MANAGEMENT DELEGATIONS?

In order to best leverage 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 Remuneration Policy. When a delegation is made to an internal entity of BNPP AM which is not subject to comparable regulation, BNPP AM ensures that the corresponding employees are subject to its BNPP AM Remuneration Policy.

PRODUCTION PROCESS OF THIS DISCLOSURE

This disclosure of BNPP AM UK's remuneration approach and practices was prepared by the HR, Risk and Compliance, departments of BNPP AM, and was approved by BNPP AM's management.

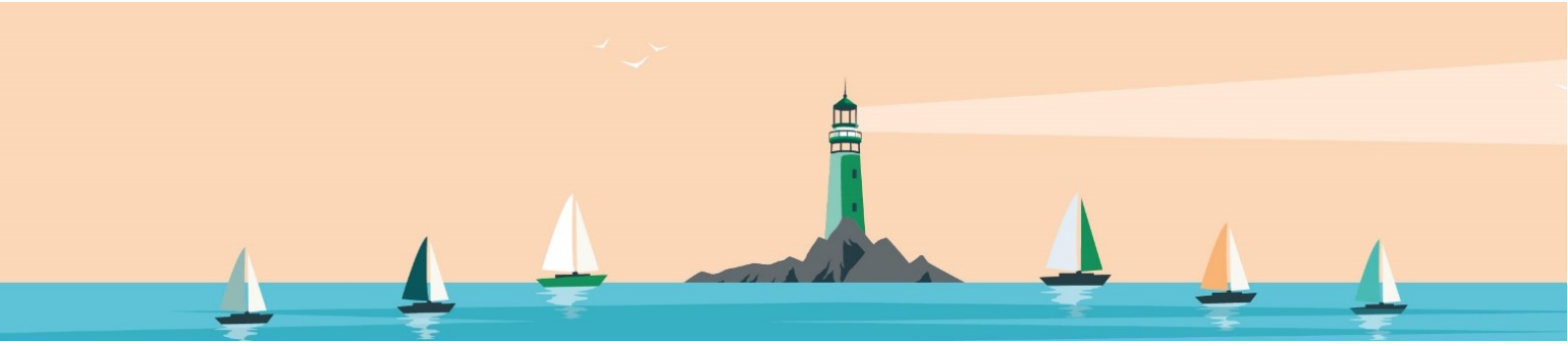
The last update of the BNPP AM Remuneration Policy (including its UK Appendix) was approved by BNPP AM Holding's Board of Directors on 24th March 2022.

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

APPENDIX 1: REWARD DECISION MAKERS

For BNP PARIBAS ASSET MANAGEMENT UK Limited:

Roger Miners: CEO
Danuta McPartlin: Head of Human Resources



Remuneration practices & Sustainability risks integration

March 2021

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)[1].

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;

[1] https://www.bnpparibas-am.com/en/sustainability/

- 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 all our investment processes, 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

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.