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Amundi
ASSET MANAGEMENT

Remuneration Policy – IFR/IFD addendum

Amundi Czech Republic Asset Management, a.s.

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1. General overview and implementation of the addendum

This document is an addendum to Remuneration policy 2023 and it is applicable to qualifying investment firm (Amundi Czech Republic Asset Management, a.s.). It is effective since the financial year that started on January 1st 2022.

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

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

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

2. Definition of ‘identified staff’

2.1 Scope of application

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

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

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

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

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

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

Amundi Czech Republic Asset Management a.s. has been identified as the entity falling under this provision.

As a result, for the performance year 2023, Amundi Czech Republic Asset Management a.s. will not be subject to the remuneration provisions for identified staff on deferral and payment in instrument² and the Remuneration Committee requirement.³

2.2 Identified staff

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

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

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

Identification criteria	Identified staff
a) All members of Management body in its management of supervisory function and senior management	CEO, members of the Board of Directors, Head of branches
b) For investment firms with a total balance sheet >= EUR 100 million, staff members with managerial responsibility for business units that are providing at least one of the services that requires authorization under points 2-7 of Section A of MIFID Annex 1 ⁴	CIO
c) Staff members with managerial responsibility for the activities of a control function, the prevention of money laundering and terrorist financing	Chief Risk Officer; Head of Compliance (includes AML); Head of Internal Audit
d) Staff responsible for managing material risks	CEO; Deputy CEO; CRO

² Article 32(1, j-l) of IFD

³ Article 33(1) of IFD

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

e) Staff members responsible for managing economic analysis; information technology; information security; outsourcing arrangements of critical or important functions	CFO; COO
f) Staff members with the authority for approving or vetoing new products	CEO; Head of Marketing, Head of Legal
g) Staff members awarded, in the preceding financial year, with a total annual remuneration \geq EUR 500 000 or the lowest total remuneration of a staff member identified by criteria a-b-e-f	

3. Terms of payment for ‘identified staff’

3.1. For Amundi Czech Republic Asset Management a.s. does not apply IFD-specific remuneration provisions (non-significant class 2 firm), the terms of payment for identified staff described in Remuneration policy apply.

3.2 For significant class 2 investment firms (as described in §2.1), payment of variable remuneration for identified staff should comply with the following rules⁵:

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

All the other provisions foreseen by the Remuneration policy, in particular vesting conditions, do apply.

4. Terms of payment for standard policy

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

⁵ In addition to the provisions of Remuneration policy.