

# COLUMBIA THREADNEEDLE INVESTMENTS, EMEA REMUNERATION POLICY

<b>Scope</b>	All EMEA Staff
<b>Confidentiality Rating</b>	Public
<b>Approver</b>	EMEA Remuneration Committee
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## 1. Rationale

### 1.1. Background

The overall objective of the remuneration programmes is to promote the long-term interests of relevant Columbia Threadneedle companies, their customers and of Ameriprise Financial by attracting and retaining effective, engaged and motivated talent and to discourage excessive and imprudent risk taking. The Policy is constructed so as to encourage responsible business conduct, fair treatment of clients and the avoidance (and where avoidance is not possible, mitigation) of conflict of interest in the relationship with clients. In order to achieve this objective,

### 1.2. Purpose

This policy sets out the principles, structures, and procedures that are applicable to the relevant CTI remuneration programmes, as governed by the Remuneration Committee (“the Committee”).

### 1.3. Objective

This policy’s objective is to set out the principles governing the setting, management and review of reward in the Company, including the link to individual, team, business unit and company performance and the consideration of conduct/behaviours and effective risk management (including compliance with regulatory requirements) in assessing performance and reward, in such a way that does not conflict with the firm’s duty to act in the best interests of its clients or to upholding the integrity of the financial services industry.

### 1.4. Scope

This policy applies to the remuneration of all employees overseen by the Committee Selected populations

Within the policy, the Committee has established separate rules to apply to employees who have been determined “Code Staff” or “Identified Staff” (hereafter referred to as “Identified Staff”), or are at Band 50 or above. Certain remuneration rules apply also to employees who are not Band 50 or Identified Staff but are in equivalent categories: those individuals will be incorporated below within references to “Identified Staff”.

In particular, UCITS Remuneration Code staff comprises senior management, risk takers, staff engaged in control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, provided that their professional activities have a material impact on the risk profile of the UCITS or UCITS Manager. Code staff or Identified Staff are similarly defined and identified in respect of other remuneration regulations.

The Committee will review and approve each year the process to establish the list of Identified Staff and the list of Identified Staff so determined. This process is governed under UCITS V, AIFMD, BIPRU and Solvency II remuneration codes.

### 1.5. Third Parties

Additionally, where the Company delegates activities to third parties:

- And those delegated activities are covered under the scope of the UCITS V Regulations it will make all reasonable efforts to ensure that, as part of these delegation agreements, the third party delegates attest to operate remuneration arrangements that do not circumvent the remuneration rules set out in the Guidelines on Sound Remuneration Policies under the UCITS Directive (ESMA 2016/575) as may be amended from time to time (the “ESMA Guidelines”), or other such equally effective regulatory requirements; or
- And those delegated activities are covered under the scope of the AIFMD regulations then it will make all reasonable efforts to ensure that, as part of these delegation agreements, the third party delegates attest to operate remuneration arrangements that do not circumvent the remuneration rules set out in the Guidelines on Sound Remuneration Policies under the ESMA Guidelines, or other such equally effective regulatory requirements; or
- And those activities are delegated to a third party that is subject to regulations that are deemed by the management company’s regulator to be equally effective then the company may rely upon the equally effective regulatory regime to determine that the remuneration arrangements comply with the remuneration rules set out in the Guidelines on Sound Remuneration Policies under the ESMA Guidelines

## 1.6. Legal and regulatory requirements

This policy sets out the core principles governing remuneration management in Threadneedle, which seeks to comply with the requirements of the relevant regulatory authorities including:

- the AIFMD Remuneration Code, under the Financial Conduct Authority,
- the UCITS V Remuneration Code, under the Financial Conduct Authority and the CSSF,
- BIPRU, Remuneration Code, under the Financial Conduct Authority, and
- the Solvency II remuneration requirements under the Prudential Regulatory Authority

The policy is subject to review and revision in response to further changes to the above Codes or other, parallel regulatory requirements affecting the management or structure of remuneration. In the event that new legal or regulatory requirements contradict the policy they shall override the policy until such time as the policy is amended accordingly.

## 2. Summary Policy Statement

### 2.1. General

A talented, motivated and experienced workforce is essential to the success of Columbia Threadneedle. Retention and appropriate incentivisation of its key talent ensures the continuity of strong and consistent investment performance, superior client service, growth and expansion of distribution, product innovation, and realization of strong company results.

### 2.2. Roles and responsibilities

Role (Position Title)	Responsibility
Remuneration Committee	Ultimate approval of this Policy and any material amendments
Chief Executive, Columbia Threadneedle EMEA*	Executive sponsor; ensuring compliance with the policy is maintained

Global Head of Reward, Columbia Threadneedle	Policy author; day-to-day oversight of compliance with the policy
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\*In the absence of a person in this role, this is deferred to the Global Head of Asset Management

### 2.3. Remuneration principles

- Remuneration programmes must be aligned with the Columbia Threadneedle and Ameriprise strategy, objectives, values and long-term interests.
- The remuneration opportunity and rewards must be competitive enough to attract and retain the key talent who can help the Company achieve consistently superior results for its clients and stakeholders.
- There should be a strong linkage between remuneration and both financial and non-financial performance, while also supporting the company’s culture and values. Remuneration programmes shall not encourage remuneration or performance that conflicts with the Company’s duty to act in the best interests of its clients or to encourage staff to recommend a particular financial instrument to a retail client when alternative and more appropriate, for that client’s needs, instruments are available.
- Remuneration decisions must be made on a well-informed basis based on the employee’s experience, responsibilities, and performance, while also considering external market and internal comparability.
- Remuneration programmes must be operated in full compliance with all applicable legal, tax, and regulatory requirements. No local programme structure will be established to avoid such requirements.
- Remuneration programmes must be consistent with and promote sound and effective risk management and not induce imprudent risk taking or impair the safety and soundness of the Company. This includes the need for remuneration programmes to avoid introducing or incentivising conflicts of interest, inappropriate conduct including potential mis-selling.
- Employees are prohibited from using personal hedging or insurance to offset the risk-alignment features of our remuneration arrangements and programmes.

## 2.4 Performance assessment

This process is an important tool for measuring employee performance against individual and organizational objectives, as well as the company's core set of values ("leadership expectations"). In the Goal-setting process, there is a strong emphasis placed on establishing Goals that are closely aligned with the strategic focus of the company, while also considering non-financial performance in such areas as teamwork, leadership, competency development, compliance with controls and standards governing the relationships with clients and investors, value-based behaviours, and risk management – this primarily reflects operational risk but in appropriate areas will also assess investment risk, including but not limited to, sustainability, market, liquidity and credit risk. Specifically, sustainability risk is assessed as part of the overall performance goals for investment professionals. Any breach of sustainability risk goals would trigger a risk event ("REV") and be considered for risk adjustment (see Section 19 – Risk Adjustment Policy and Process). This process is also designed to avoid – or to mitigate where avoidance is not possible – conflicts of interest being created or incentivising conflicts of interest or other conduct/behaviour that would breach the Company's values or commitment to clients. In some areas of the Company, there are additional quantifiable metrics used in the appraisal rating such as individual/team investment performance for investment professionals or gross/net sales goals for distribution employees. In certain control functions (internal Audit, Risk and Compliance) employees' performance assessment is determined solely by evaluating the achievement of objectives and results for these functions independent of performance of the business unit overseen.

An online appraisal system is utilised to document and capture the employee's Goals (objectives) and Leadership performance (values/ conduct/behaviours) to assist in the year end appraisal process and both elements have a strong influence on remuneration awards within the assigned pool for each division. The performance appraisal rating is a major factor in making remuneration decisions for each employee in accordance with the structure and design of each remuneration programme.

There is also a well-established process in place for assessing the Company's financial and non-financial performance to inform funding for remuneration programmes. The financial measures in these programmes are pre-defined and at year end, the Committee reviews the actual results for any significant or unusual items that impacted results. The assessment of financial results is also in the context of regular reporting to the relevant Board (which includes all members of the Committee) on the Company's effective risk management process, which includes taking into account current and future risks facing the business, as identified by the Risk function in the annual Regulatory Risk Assessment report to the Committee. This ensures that the Committee is aware of current and future risks as it reviews remuneration funding decisions based on the current year's business results.

In the course of reviewing the Company's financial and non-financial performance for approval of funding for remuneration programmes, the Committee will ensure that such approval does not adversely impact the Company's capital position.

## Total Remuneration Framework

Through benchmarking and regular design reviews, the Committee ensures that these programmes are both competitive and aligned with regulatory requirements and with our Remuneration Principles. The Committee will also review this Policy at least annually and will have undertaken a regular, independent internal review of its implementation and compliance with regulatory requirements.

This framework has an appropriate and balanced mix of fixed and variable remuneration and incorporates a deferral element for selected employees in key management or business unit roles. Deferral of appropriate and meaningful proportions of incentive pay helps to ensure effective and ongoing alignment with our clients and long-term business objectives. The following is a description of policies for each of the key elements that make up this framework.

Incentive award payments are only made through remuneration programmes approved by the Committee. The Committee will not authorise vehicles or methods of payment that allow or risk circumvention of the Policy or of the regulatory requirements in force in the jurisdictions in which the Company operates, in particular those of the FCA and CSSF.

### 3. Salary

The organisation is committed to ensuring that:

- salaries remain competitive in the labour market, by conducting an annual pay review and benchmarking salaries against other employers;
- salary adjustments consider individual performance;
- individuals are not discriminated against because of gender, marital or civil partnership status, race, religion or belief, sexual orientation, age, disability, gender reassignment, pregnancy and maternity, or because they work part time or on a fixed-term contract;
- workers are paid at the level of at least the national minimum and locally established living wages; and
- salary is sufficient so that employees do not need to rely on bonuses and that zero bonus awards are therefore possible in practice.

The current practice is to review the salaries for all permanent and fixed term contract employees annually as part of the year end process, with adjustments, if any, effective 1 April. Statutory increases, where they apply, are implemented according to the requirements in that jurisdiction and will be taken into account in the general annual salary review. Any increases will be at the absolute discretion of the Company. There is no internal obligation on the Company to increase salaries at the review. Reviews may take place at other times of the year to reflect a change in circumstances such as a promotion or increase in responsibilities. If the employee qualifies for a salary increase under the review they will be notified as appropriate.

### 4. Role Based Allowance

The Company has determined that some staff in certain roles may also receive a fixed allowance in addition to their salary, to be paid monthly, along with salary.

The organisation is committed to ensuring that:

- allowances remain competitive in the labour market, by conducting an annual review and benchmarking against other employers;
- allowances are adjusted upwards, or downwards, including being reduced to zero to reflect any changes in the employee's role;
- individuals are not discriminated against because of gender, marital or civil partnership status, race, religion or belief, sexual orientation, age, disability, gender reassignment, pregnancy and maternity, or because they work part time or on a fixed-term contract;
- salary and allowances when considered together for applicable staff are sufficient so that employees do not need to rely on variable remuneration/bonuses and that zero variable remuneration/bonus awards are therefore possible in practice.

The current practice is to review the allowances for all permanent and fixed term contract employees annually, with adjustments, if any, effective from a date appropriate to the role change. Any changes will be at the absolute discretion of the Company. There is no obligation on the Company to increase or maintain allowances at the review. Reviews may take place at other times of the year to reflect a change in circumstances such as a change in the role of the individual or the Company's policy on fixed allowances. The employee will be notified as appropriate if, at the time of the review, it is proposed that i) the employee should qualify for an allowance, ii) the level of the allowance should be changed or iii) it is proposed that the allowance should be discontinued.

## 5. Total Incentive Award Programme

The purpose of the Total Incentive pools is to fund the discretionary incentive awards for all eligible employees based on Company performance across a range of business metrics based on the relevant business division's performance against its key business objectives, including its profitability and overall business objectives, appropriate risk management and control and the overall performance of the parent company. The Committee will review on an annual basis the proposed total funding of the incentive pools, on the basis of the bottom-up calculation of performance against targets; business performance against its financial Plan and Strategic Objectives; the performance of Ameriprise Financial as the parent company; and a top-down assessment of market, economic and competitor factors. This comprehensive range of factors is reflective of the requirements of the UK BIPRU Remuneration Code and other regulation including, UCITS remuneration regulations, AIFMD and Solvency II directive.

Assessments of investment performance for pool determination are set in a multi-year framework, in line with the longer-term nature of the products and client objectives.

### 5.1. Eligibility

All permanent employees are eligible to participate in the Company's incentive arrangements. The incentive performance year runs from 1<sup>st</sup> January to 31<sup>st</sup> December, although investment performance is measured from 1 October to 30 September to allow a full and thorough analysis of investment performance as a driver of the bottom-up element of pool determination for Investments. The Company's incentive arrangements are entirely discretionary in nature and may be amended or withdrawn by the Company in its absolute discretion at any time. The incentive schemes applicable to each role and business may be varied from time to time at the business' discretion with the approval of the Committee.

Employees who are absent from work (other than paid holiday) during any part of a performance year are eligible for incentive awards, but this will typically be limited to the pro-rata amount for the period they were in actively working or, in the UK, on compulsory maternity leave (the two-week period after childbirth during which work is prohibited). Each case will be considered in accordance with the relevant circumstances and applicable law.

Employees hired during the performance year may be eligible to receive a pro-rata incentive award calculated in accordance with the portion of the performance year during which they were actively employed by the Company.

### 5.2. Award Determination

The incentive pools are reviewed by members of the Committee and senior executives of its parent company: those pools determine the total amount available for distribution of individual discretionary incentive awards to the applicable population. The amounts of any individual incentive awards made by the Company are discretionary and based on business and individual performance against financial and non-financial criteria. The incentive pool allocation will be approved by the Committee after the end of the performance year by following its performance assessment process.



Incentive awards are discretionary and fully flexible, with the option to pay no incentive award if required. Awards are made according to the individual employee's performance against their Goals and Leadership scores, market remuneration levels for comparable roles, internal comparators and the funding available to fund Total Incentive awards, further influenced by the employee's adherence to and delivery of the Company's risk and regulatory compliance responsibilities.

An Employee's incentive award will be reduced, potentially to zero, if at any point during the relevant performance year, also including the period from the end of the performance year until the award payment date, they have been found, in accordance with the Company's Disciplinary Procedure and Grievance Procedure in force from time to time, not to have met the Company's standards of performance and conduct. For the avoidance of doubt, this includes any action taken as a result of major failures of risk control or compliance with regulatory requirements, including SM&CR Conduct Rules wherever applicable.

### **5.3. Delivery**

Incentive awards are normally delivered within the first quarter following the performance year and are paid in cash, but as required from time to time by Company practice or by regulatory requirement, either company-wide or applied to specific individuals, may be deferred or delivered in other instruments and may be subject to holding periods.

In order to be eligible for an award on the date on which payment or award is made, the employee must be employed by the Company and must not have given, or have been given, notice of termination of employment.

Incentive award payments are subject to normal deductions for income tax and employee's National Insurance or other legally required deductions and withholdings. The receipt of an incentive award under the Company's incentive scheme or other incentive award scheme for one performance year will not confer on the employee any right to participate in or to receive any awards or payments under any discretionary incentive scheme or other compensation award schemes in future years.

### **5.4. Incentive Plans**

#### **Annual Incentive Award ("AIA")**

The AIA programme applies to all EMEA employees of the Company other than those who, by exception, are remunerated under one of the three SIP arrangements specific to their business areas. The Total Incentive award for these individuals will be the sum of any Annual Incentive Award (AIA) and, where relevant, a Long Term Incentive Award (LTIA).

AIA participants receive an explicit, role-based incentive target as a % of base salary, that target being subject to leverage on delivery based on (a) the performance of Ameriprise Financial overall as well as the holistic performance of the relevant business unit, and (b) most significantly individual performance against both Goals and Leadership expectations (behavioural and values-based), subject always to a potential override including reduction to zero to reflect any risk or compliance failures.

#### **Long Term Incentive Awards ("LTIA")**

AIA participants may also receive a separate LTIA Award. The purpose of the LTIA programme is to provide a deferred incentive opportunity to selected staff that incentivises key talent to continue their employment at the firm on a long-term basis, and to provide long term alignment of interests with customers and shareholders.

Senior employees would typically have a proportion of their Total Incentive awarded through LTIA, however at the Company's discretion, an LTIA may be made at lower levels.

LTIA Awards will normally be delivered through one of the Deferral Vehicles in section 7 below.

## Special Incentive Plan (“SIP”)

The incentive compensation plan applicable to Sales, Real Estate, and Investment professionals is a discretionary arrangement supported by a comprehensive bottom-up calculation to inform both funding and individual performance assessments. Performance assessment driving the bottom-up model is based on scorecard metrics which differ by division: for front-line Investments staff measurement of relative investment performance is used against each fund’s objectives on a 1, 3 and 5-year time horizon, weighted significantly to 3- and 5-year performance; for Distribution gross and net sales; and for Real Estate, profitability, capital raise and investment performance against peers. From 2019, the funding for Investments support staff within the SIP will be informed by explicit, role-based incentive targets more akin to the AIA plan, and will be no longer based on scorecard metrics.

Target incentives are set for each role based on competitive market data, which are combined with the results of the investment performance assessment where applicable to deliver preliminary total funding inputs, but final awards are discretionary based on overall performance against Goals and the Company’s Leadership expectations, subject always to the compliance/conduct and risk control demonstrated. Fund performance is generally asset-weighted in order to place equal emphasis on all investments irrespective of the fund’s fees.

## Deferral Table

Variable Compensation Level	All Staff	Identified Staff and Band 50+
<b>Level at which deferrals commence (given £6,000 minimum deferral)</b>	£40,000	£15,000
<b>Below £40,000 where deferral applies</b>	15%*	40%*
<b>Marginal rates on amounts above:-</b>		
<b>£40,000</b>	20%	40%
<b>£100,000</b>	30%	40%
<b>£200,000</b>	40%	40%
<b>£250,000</b>	80%	40%
<b>£330,000**</b>	80%	80%
<b>£340,000</b>	100%	100%
<b>£500,000</b>	60%	60%

\* a minimum level of £6,000 will apply meaning there is no deferral until bonus is at least £40,000 (for all staff) and £15,000 for Identified staff

\*\* From £330,000 the deferral amount for All Staff and Identified staff will be the same

**In circumstances where regulation requires a higher proportion of the Total Incentive Award be deferred, that deferral level will override the standard Company approach.**

In the case of staff within the AIA and LTIA population the LTIA will always be considered a deferred award. The required total deferral amount will be determined through deferring a portion of the AIA award to meet the above calculation when applied to the Total Incentive (the sum of AIA and LTIA awards).

Deferral amounts may exceed the calculation in the above table where for an individual in the AIA and LTIA plans the recommendation of the LTIA would lead to a deferral percentage in excess of this amount.

## 6. Non-deferred Award Vehicles (On-cycle awards)

Any portion of the Incentive awards that is not deferred, per the above table, is normally delivered within the first quarter following the performance year and is paid in cash.

For Identified Staff and those at Band 50 or above, one half of this amount will normally be delivered in fully vested units within the Threadneedle Fund Deferral Plan (see below) with a holding period of 6 months.

However, as required from time to time by Company practice, by regulatory requirement or at the Committee's discretion, either company-wide or applied to specific individuals the non-deferred portion of the Total Incentive Award may be deferred or delivered in other instruments.

## 7. Approved deferral vehicles

Deferred awards may be delivered through a combination of the following deferral vehicles:

- the Ameriprise Financial Deferred Stock Unit (DSU) programme,
- Ameriprise's Deferred Stock Option (DSO) programme,
- the Ameriprise Performance Cash Unit (PCU) programme,  
or equivalent vehicles which mirror the economic impact of these above 3 plans which are deemed appropriate and approved by the Committee from time to time, or through
- the Threadneedle Fund Deferral Plan (FDP)

## 8. Deferral Vehicle Allocation

The allocation of deferred amount to deferral vehicles will be determined according to:

- the incentive plan of the individual; and
- Whether or not the employee is classified as either Identified Staff or is Band 50 or above

### Investments SIP

**For Identified Staff and those at Band 50 or above, the following applies:**

- 50% of any deferral will be delivered within the Threadneedle Fund Deferral Plan (FDP), and of this amount:
  - 50% (i.e.25% of the Total Deferred Award) will be delivered in Units within the Managed Funds range; and
  - 50% (i.e.25% of the Total Deferred Award) will be delivered in units elected by the employee, subject to the review and approval by the Chief Investment Officer (CIO) to ensure that the deferral aligns appropriately to funds over which the employee has a material influence whilst not creating any conflicts of interest. In cases where the CIO does not approve the election then the Committee agrees to extend to the CIO the unfettered right to amend the units allocated, with the employee retaining the right to appeal to the Committee should they disagree.
- 50% of any deferral will be delivered through the Ameriprise Financial Deferred Stock Unit (DSU) programme, or equivalent vehicles which mirror the economic impact of this plan and which are deemed appropriate and approved by the Committee from time to time.

**For all other staff the following applies:**

- 50% of any deferral will be delivered in line with the Threadneedle Fund Deferral Plan; and
- 50% of any deferral will be delivered through the Ameriprise Financial Deferred Stock Unit (DSU) programme, or equivalent vehicles which mirror the economic impact of this plan which are deemed appropriate and approved by the Committee from time to time.

### **Distribution and Real Estate SIP**

#### **For Identified Staff and those at Band 50 or above, then the following applies:**

- 50% of any deferral will be delivered within the Threadneedle Fund Deferral Plan (FDP), and of this amount
  - 50% (i.e.25% of the Total Deferred Award) will be delivered in Units within the Managed Funds range; and
  - 50% (i.e.25% of the Total Deferred Award) will be delivered in units elected by the employee.
- 50% of the Total Deferred Award will be delivered through the Ameriprise Financial Deferred Stock Unit (DSU) programme, or equivalent vehicles which mirror the economic impact of this plan and which are deemed appropriate and approved by the Committee from time to time.

#### **For all other staff the following applies:**

- 100% of any deferral will be delivered through the Ameriprise Financial Deferred Stock Unit (DSU) programme, or equivalent vehicles which mirror the economic impact of this plan which are deemed appropriate and approved by the Committee from time to time.

### **AIA and LTIA Plans – Band 45**

#### **For Identified Staff, the following applies:**

- 50% of any deferral will be delivered within the Threadneedle Fund Deferral Plan (FDP), and of this amount
  - 50% (i.e.25% of the Total Deferred Award) will be delivered in Units within the Managed Funds range; and
  - 50% (i.e.25% of the Total Deferred Award) will be delivered in Units elected by the employee.
- 50% of any deferral will be delivered through the Ameriprise Financial Deferred Stock Unit (DSU) programme, or equivalent vehicles which mirror the economic impact of this plan which are deemed appropriate and approved by the Committee from time to time.

#### **For all other staff the following applies:**

- 100% of any deferral will be delivered through the Ameriprise Financial Deferred Stock Unit (DSU) programme, or equivalent vehicles which mirror the economic impact of this plan which are deemed appropriate and approved by the Committee from time to time.

### **AIA and LTIA Plans – Identified Staff and those at Band 50 or above**

#### **The following applies:**

- 50% of any deferral will be delivered within the Threadneedle Fund Deferral Plan (FDP), and of this amount

- 50% (i.e.25% of the Total Deferred Award) will be delivered in Units within the Managed Funds range; and
- 50% (i.e.25% of the Total Deferred Award) will be delivered in Units elected by the employee.
- 20% of any deferral will be delivered through the Ameriprise Financial Deferred Stock Unit (DSU) programme, or equivalent vehicles which mirror the economic impact of this plan which are deemed appropriate and approved by the Committee from time to time.
- 10% of any deferral will be delivered through the Ameriprise Deferred Stock Option (DSO) programme, or equivalent vehicles which mirror the economic impact of these above 3 plans which are deemed appropriate and approved by the Committee from time to time.
- 20% of any deferral will be delivered through the Ameriprise Performance Cash Unit (PCU) programme, or equivalent vehicles which mirror the economic impact of this plan which are deemed appropriate and approved by the Committee from time to time.

## 9. Deferral Vesting

The standard company approach to deferral vesting is that all plans other than the PCU normally vest in three equal tranches over a 3-year period from the date of grant: the PCU programme has a 3-year performance period and vests at the end of that period.

For employees who are either i) Identified Staff or ii) are band 50 or above, then any units provided through the FDP

- will vest 20% of the award at 12 months, 24 months, 36 months, 42 months and 54 months from the date of grant, and
- will be subject to an additional holding period of 6 months after each of the above vesting dates before being released to the employee: during this holding period entitlement is no longer contingent upon continued employment with the Company but all other plan terms and conditions of vesting apply.

In circumstances where regulation requires a longer deferral period, that deferral duration will override the standard Company approach.

## 10. Other Deferred Award Conditions

The receipt of a deferred award for one performance year will not confer on the employee any right to participate in or to receive any awards in future years. The Company reserves the right to alter and amend the terms of each of their deferral programmes at their discretion. Employees may not be eligible to receive an incentive award if they are deemed not to have met the Company's standards of performance and conduct. For the avoidance of doubt, this includes any disciplinary action taken as a result of major failures of risk control or compliance with regulatory requirements including Conduct.

Deferred awards are designed to reflect longer-term performance following award dates: subdued performance of the shares or products into which awards are deferred will be directly reflected in the value of those deferrals.

For employees who are either i) Identified Staff or ii) are band 50 or above, then, at the sole and unfettered discretion of the Committee any units provided under any of the plans listed above may be reduced before being released to the employee;

- if the Committee considers that these are not justified by performance of the UCITS/AIF and/or Business Unit

- if there is a significant downturn in performance in the UCITS or AIF

and any units provided under any of the plans listed above may be both i) reduced pre-vesting or ii) the proceeds of any award that is already distributed shall be repayable by the employee to the Company and be recoverable as a debt where, for 5 years from the date of grant, and at the sole and unfettered discretion of the Committee it determines that;

- there has been a mis-statement of earnings
- the Individual is directly responsible for
  - a misconduct event
  - a failure of risk management
- the Individual did not reasonably report or act on a misconduct or risk management event
- the Individual, by virtue of their management position, could be deemed indirectly responsible for an event

where the above applies to both individual employees and groups of employees in cases of widespread / collective responsibility.

## 11. Application to BIPRU-Only Code Staff, including non-EMEA Code Staff

This Policy's application of deferral and awards in non-cash instruments is designed to act as a whole-firm Policy where all BIPRU Code Staff in the UK are also UCITS and/ or AIFMD Code Staff, so applying a consistent standard across the region's employee base.

The Company's Policy disapplies the pay-out process rules of SYSC19C under proportionality provisions. Where non-EMEA employees of Ameriprise Financial (a "relevant employee") are brought into scope as BIPRU Code Staff as SMFs under the FCA's Senior Manager Regime, but not as UCITS or AIFMD Code Staff, the following principles will apply:

- This Policy will apply only to the proportion of the relevant employees' incentive that is reasonably deemed attributable to the activities of the BIPRU firm, currently TAML.
- The pre-existing Ameriprise Financial proportion of non-cash awards applicable to the employee's variable remuneration will continue to apply unless it is lower than the minimum prescribed by this Policy, in which case this Policy's mandatory deferral percentage for Identified Staff will apply to the element of variable remuneration attributable to the activities of the BIPRU firm.
- Although BIPRU rules concerning awards in instruments are disapplied, the standard non-cash instruments used for Ameriprise Financial's deferred awards are nonetheless consistent with BIPRU expectations being equity-linked, and will continue to apply. The proportion of those awards attributable to the activities of the BIPRU firm will be subject to Risk Adjustment in line with this Policy. Where relevant, dividends on those awards may be paid out during the unvested period, unlike awards to UCITS or AIFMD Code Staff.
- Although holding period requirements are disapplied for the BIPRU code, Ameriprise Financial Stock Ownership Guidelines for Officers apply to these roles and achieve the same objective.
- Owing to the disapplication of SYSC19C pay-out process rules, no up-front award in instruments will be required for BIPRU-only Code Staff.

## 12. Other Remuneration Programmes

When needed from a competitive or business standpoint, the Company has established certain other remuneration or specialized incentive schemes to reward for specific business results. The Committee approves these schemes and has oversight on the determination of their awards or payouts. Where arrangements exist outside the Company's remuneration framework and funding, in particular 'carried interest' programmes attached to investor partnerships where Columbia Threadneedle Real Estate is the manager, the Committee will retain oversight of the arrangements and full visibility of all payments to employees.

As a policy, the Company does not provide discretionary pension payments or special retirement arrangements outside the established plans covering employees of the Company. Any such arrangement if it were proposed would require Committee approval, and would need to comply with all applicable legal and regulatory requirements.

## 13. Remuneration process and governance

TAM UK International Holdings Limited (the "Holding Company") includes companies regulated by the UK's Financial Services Authority, Luxembourg's CSSF and other overseas financial services regulators. The Board of Managers of the Holding Company (the "Board") has formed the Remuneration Committee ("Committee") as a sub-committee of the Board to provide oversight, advice, guidance, and approvals as to the matters set out in the Committee's Terms of Reference.

## 14. Remuneration Committee Membership

The Board will appoint members to the Committee who are qualified to carry out its responsibilities as set forth in the Committee's Terms of Reference. Such qualifications include but are not limited to familiarity with remuneration design principles, understanding of effective risk management and controls, and relevant work or industry experience. New members appointed to the Committee will receive an orientation briefing. Also, all members of the Committee will from time-to-time receive briefing on new or emerging issues relating to the relevant remuneration programmes. This will ensure that the Committee is fully prepared to exercise competent and independent judgement in carrying out its duties.

## 15. Approval of the Remuneration Policy

The Committee is responsible for approving the Remuneration Governance Policy and Protocols. This document outlines the specific remuneration actions that must be reviewed and approved by the Committee in carrying out its responsibilities under its Terms of Reference. All Committee actions and approvals are documented either in meeting minutes or other written approval for items that require approval between meetings.

The Remuneration Policy and any amendments to relevant remuneration practices of the Company

- i) will be established with input from Compliance, Legal, Finance and Risk; and
- ii) will be approved by the Committee only after it has received input from these functions and the Committee is confident that it does not create any conflicts of interest with customers

## **16. Approval and Review of Certain members of Staff**

The Committee will directly oversee the remuneration for the Heads of the Control Functions and will review the performance and remuneration decisions for Control Function staff to ensure they are adequately remunerated for their performance independent of the performance of the business areas they oversee.

Remuneration for the Columbia Threadneedle, EMEA CEO position will be determined and approved by the Chairman and CEO of Ameriprise Financial, in accordance with the terms of the applicable remuneration programmes and outside of the Committee's normal governance protocols, but for the avoidance of doubt in accordance with the relevant regulatory regime. The Committee will also directly oversee and approve the remuneration recommendations for Code Staff, Identified Staff, or other equivalent categories or employees across its various jurisdictions to ensure that the remuneration is appropriate and reflects the delivery of the employees' obligations in regard to risk management.

## **17. Conflicts of Interest**

The Committee, through the governance process it has established and maintains, ensures that all reasonable efforts are made to ensure that conflicts of interest are prevented or mitigated in the administration and operation of the Company's remuneration programmes. Conflicts of interest are reviewed at key points within the annual cycle, including but not limited to, during the annual review by the Committee to approve the remuneration policy, in the Committee's oversight to remuneration recommendations for Code Staff, Identified Staff or other equivalent categories as part of the year-end review and in the Committee's review of the remuneration policy implementation audit.

Employees are required not to use personal hedging strategies, including contracts of insurance, to offset the risk-alignment features of the remuneration programmes. The Committee will rely on the Company's Personal Account Dealing Code and internal controls to ensure that employees do not use personal hedging strategies or attempt to secure liability-related insurance in relation to any aspect of the remuneration programmes.

## **18. Guaranteed Awards and Buy-Out of Forfeited Awards**

In the normal course of events new entrants to the firm will be provided with an indication of the level of discretionary cash incentive award or LTIA that they could reasonably expect to receive on an annual basis, subject to individual and company performance. However, this would be ultimately decided and delivered on a discretionary basis, and subject to individual and firm performance.

In exceptional circumstances only (for example in accordance with a major corporate acquisition or similar restructuring), and in line with local regulatory requirements, there are situations where prospective employees may be offered a guaranteed cash incentive award or LTIA with respect to the individual's first year of employment. In these situations the Committee would have ultimate review and approval and would normally require a clear rationale from the relevant business head justifying why an exception would be necessary.



Prospective new employees may forfeit invested deferrals from their previous organisations and on these occasions a commitment to make a 'buy out' award to help offset forfeiture amounts that a new hire will realize as a result of joining the Company is typical. These awards would be in cash or in the relevant deferral vehicle, and prior to joining, an agreement would be made with the employee to match the timing and value of their existing awards. These awards will be strictly limited to the first year of service and will be structured so as to deliver as far as possible no greater value with the same or later delivery date than that being forfeited. Any such buy-out requires documentary evidence of the awards subject to forfeiture, and of the nature, value and vesting schedules of those awards. Risk Adjustment Policy and Process.

Retention awards to existing employees may be made but only under exceptional circumstances such as in the event of major corporate re-structuring exercises in line with the regulations.

Risk adjustment of remuneration is implemented to protect our clients and is a regulatory requirement in Europe for all staff that have a material impact on the financial, operational, regulatory and reputational risks to the client, the Asset Management business and the shareholder. In practice, both performance ratings and remuneration are expected to be adjusted where errors or conduct require such action.

## Process steps and principles

- **Assessment reports are produced by our independent Risk function, mid-year (May/June), to inform comp year-end (~October), and full-year (updating to calendar YE if necessary, delivering January),** with input from other 2<sup>nd</sup> and 3<sup>rd</sup> line Control Functions and HR, and inputs include:
  - All Risk Events ("REVs") with behavioral causal codes reported by business owners. Risk Control Committee ("RCC")/ Operational Risk Management ("ORM") challenge to ensure accurate self-reporting.
  - Compliance violations (including, mandatory training, PTA deadline, gifts and entertainment policy breaches)
  - Repeat offenders (e.g., 3 or more REVs allocated to the same individual)
  - Consideration of the behavioral actions/ errors made by both 1) the individual who was responsible for the actual event, and 2) responsibility held by the leader and Band 50+ Officer in relation to the behavioral actions/error within their team
  - Organizational control evaluations (SSAE, ISAE3402 or Sarbanes Oxley) and any related exceptions, qualifications or lack of management attention
  - Behavioral issues defined as 1) Intentional breach, 2) Unintentional error or breach due to lack of diligence applied, 3) Failure to escalate, or 4) Failure to deliver remediation in a timely manner and to sufficiently mitigate risk
  - Consideration of mitigating factors in each case (e.g., whether individuals were cooperative during REV investigation)
- **Business and Compliance leader input is sought and incorporated by Risk and Chief Risk Officer ("CRO") to seek factual clarification or other relevant details if necessary.**
- **ORM reviews preliminary report findings with CRO.**
- **Regional CRO or Head of Operational Risk submits preliminary risk (including conduct risk) reports to the senior members of the regional Office of Risk ("OoR"):**
  - OoR ensures/ confirms that any breaches or violations not captured already by ORM Rev's or other ORM communication channels are included in reports; e.g mandatory training or PTA dealing breaches and other compliance breaches

- OoR members discuss and weigh in on events they believe warrant rating and compensation risk adjustment and align on a Low/ Medium/ High rating for severity. Independent CRO retains final L/M/H recommendation.
- OoR provides explicit feedback on positive risk and control behaviour.
- Conduct Risk Advisory Group (CRAG) will review the report before submission to the Remuneration Committee
- **Regional CRO or Head of Operational Risk advises on the final opinion/recommendations post OOR and CRAG discussion to impacted senior business leaders (and to HR) along with L/M/H severity rating.**
- **CRO or Head of Operational Risk & Risk then report to the Committee in June (based on the May report); for comp year end Pool determination (based on Sept Report); and in January (based on the final full-year report ), representing Risk function independent H/M/L view and any compensation action recommendations.**
- **The YE assessment report process in October** feeds risk adjustment of year-end reviews, pool-setting through 'dry runs', and final pool setting and allocations
  - HR and Business owners agree pre-risk adjustment ratings at **ratings consistency meetings, then** utilise Risk oversight committee reports to drive explicit risk adjustments to G&L ratings
  - HR works with leaders when **final pool incentive allocations** are being made to determine final proposed compensation awards and confirm risk adjustments. Risk adjustment compensation reductions are deducted from the pool and cannot be redistributed.
- **Initial risk reports based on Sept are delivered to regional oversight committees in November and December in order to highlight any severe breaches or violations which may have arisen since June and that will require adjustment in Jan.**
- **Final risk reports in January are again delivered directly to the Committee by the CRO & Risk Function, incorporating any changes (if necessary) to cases appropriate for risk adjustment and a Low/ Medium/ High rating for severity.**
- **In the final January Committee meeting the senior business leader presents the final recommended incentive adjustment and proposed rating impacts.**
- **Proposals are reviewed, and challenged, wherever appropriate,** by RemCo. A final compensation action quantification report will be delivered to the Committee meeting (including senior operational risk management representation) for alignment in January – CRO and Head of Compliance sees and opines on % movements but not on absolute amounts in order to allow oversight while maintaining confidentiality of absolute amounts.
- **HR ensures that final accepted incentive impacts are reduced from the pool and individual award amounts.**

In order to ensure that risk adjustments are applied and that the Committee has full authority over final awards, no award will be paid without RemCo consent. The Committee reserves the right to override business proposals that it believes are inconsistent with proper risk adjustment.

## **19. Regulatory Classification**

Columbia Threadneedle in the UK is subject to the FCA BIPRU Remuneration Code, the UCITS V Remuneration Code, the AIFMD Remuneration Code and the remuneration provisions of the Solvency II and MiFID II regulations, as well as the application of UCITS V, AIFMD and Solvency II and MiFID II in other EU states and the requirements and regulations in other non-EU jurisdictions in which the Company operates.