



MIFIDPRU 8 DISCLOSURE

31 DECEMBER 2022

UNIGESTION (UK) LIMITED

2nd Floor, MYO | 123 Victoria Street | London | SW1E 6DE | Tel. +44 (0) 20 7529 5200 | Fax. +44 (0) 20 7529 6389
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www.unigestion.com



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INTRODUCTION

As a UK investment firm undertaking activities within the scope of the UK Markets in Financial Instruments Directive (“MiFID”), Unigestion (UK) Ltd (“UUK” or the “Firm”) (FRN: 192141) is subject to the prudential requirements of the Investment Firms Prudential Regime (“IFPR”) contained in the MIFIDPRU Sourcebook of the Financial Conduct Authority (“FCA”) Handbook. UUK is required to publish disclosures in accordance with the provisions and guidance outlined in MIFIDPRU 8 within the Prudential Standards of the Handbook. Under the IFPR UUK is categorised as a non-small non-interconnected (“non-SNI”) MIFIDPRU investment firm.

BASIS OF DISCLOSURE

This disclosure for UUK is prepared at least annually on a solo entity (i.e. individual) basis. The disclosed information is proportionate to UUK’s size and organisation, and to the nature, scope and complexity of UUK’s activities.

In accordance with the provisions of MIFIDPRU, UUK is currently required to provide disclosure on its:

- (i) Risk management objectives and policies (MIFIDPRU 8.2)
- (ii) Governance Arrangements (MIFIDPRU 8.3);
- (iii) Own Funds and own funds requirements (MIFIDPRU 8.4 and 8.5); and
- (iv) Remuneration Policies and Practices (MIFIDPRU 8.6);

Unless stated otherwise, the disclosures herein relate to UUK’s most recently ended financial year, which ended on 31 December 2022. Whilst some disclosure on UUK’s risk management objectives and policies is provided in this document as context for the other required disclosures, this may be amended or expanded in future.

SIGNIFICANT CHANGES SINCE PRIOR DISCLOSURE

In accordance with when the provisions of MIFIDPRU were first applied to UUK, this is UUK’s first such disclosure and therefore there are no significant changes to prior disclosures which require to be set out here.

FIRM STRUCTURE

Unigestion (UK) Ltd is a private limited company that provides discretionary investment management services primarily to institutional clients and a few private individuals either through funds established, operated and managed by the Firm or through mandates, external structures or accounts. UUK is wholly owned by Unigestion Holdings SA (a Swiss holding company) and is a sister company of the other asset management companies of the Unigestion group (“Unigestion”), registered in various jurisdictions. UUK’s audited financial statements are prepared in accordance with UK GAAP. UUK is authorised and regulated by the FCA and is registered with the United States Securities and Exchange Commission (SEC).

GOVERNANCE ARRANGEMENTS

The Board of Directors is responsible for the overall direction and supervision of company management and holds the ultimate decision-making authority for Unigestion (UK) Ltd., except for those decisions reserved to shareholders.

Unigestion (UK) Ltd’s Board of Directors is responsible for determining the risk strategy of the Firm, setting the Firm’s risk appetite and ensuring that risk is monitored and controlled effectively through a suitably robust operational risk management framework. It also has ultimate responsibility for the preparation and contents of the Internal Capital Adequacy and Risk Assessment (ICARA).

As a MIFIDPRU investment firm, UUK is subject to the requirements of the Senior Management Arrangements, Systems and Controls Sourcebook (“SYSC”) of the FCA Handbook. In accordance with SYSC, UUK must ensure that the Board of Directors defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the business, including the segregation of duties in the organisation and the prevention of conflicts of interest, in a manner that promotes the integrity of the market and the interests of UUK’s clients.



As of 30 April 2023 the Board of Directors had three members:

| Name | Role at UUK | No of external directorships (for profit organisations only) |
|----------------|---|---|
| Paul Wilson | Non-Executive Chairman | 4 |
| Regis Martin | Executive Director | 0 |
| Annette Forbes | Executive Director, Head of Compliance | 0 |

Although the Board of Directors has overall responsibility for oversight of the business, it delegates day to day responsibilities to various individuals or committees. Committees are required to meet regularly and provide certain reports or information to the Board of Directors.

In addition to its Board of Directors, UUK's corporate governance structure is organised around the following committees:

- ▶ Remuneration Committee
- ▶ Risk Management Committee
- ▶ Compliance Committee
- ▶ Trading Oversight Committee
- ▶ Investment Committees
- ▶ Valuation Committee

The Senior Management and Certification Regime

UUK's is required to comply with the Senior Management and Certification Regime which took effect on 9 December 2019.

As UUK's is classified as a Core Firm under the regime, it needs to comply with those requirements applicable to Core Firms.

Senior Manager Functions (SMFs) are controlled functions under the Financial Services and Markets Act 2000 and are defined in the FCA Handbook SUP 10C.

The SMFs of the Firm are as follows:

| New Senior Management Function (SMF) | Allocated to |
|--|------------------------------|
| SMF9 Chair | Paul Wilson |
| SMF3 Executive Director | Régis Martin, Annette Forbes |
| SMF16 Compliance Oversight | Annette Forbes |
| SMF17 Money Laundering Reporting Officer | Annette Forbes |

Each SMF must have a signed Statement of Responsibility (SoR), which clearly sets out their role and responsibilities. It includes, where applicable, any Prescribed Responsibilities that have been allocated to the SMF as well as Other Responsibilities that the SMF is accountable for in the performance of their role within the Firm. It also includes details of any committees that the SMF is a member of.

Diversity & Inclusion

UUK is an equal opportunities employer and we believe that our success is a direct result of the experience and quality of our employees. We are therefore committed to focusing our employment procedure and practices on maximising the potential of each unique individual. We believe this is best achieved by developing our employees' talents whilst recognising their differences.

By treating people fairly and equally and by accepting and embracing their diversity, we can also improve our market competitiveness, foster innovation and enhance our corporate social responsibility and create an inclusive and positive working environment for all employees.

The Board recognises the importance of diversity in the leadership team and effectively sets the tone for the organisation. It is committed to fostering diversity at all levels of the organisation and it believes this leads to an open and inclusive culture within the business.



When identifying candidates for nomination to form a well-balanced board the following are considered:

- ▶ expertise, competencies and experience that align with the Firm's operations and strategy
- ▶ characteristics that will foster a board culture which is inclusive and supports diversity for the long-term success of the business
- ▶ characteristics that will contribute towards a diverse board including age, gender and ethnicity and other characteristics that may be required at any given time

RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management Framework

The risk governance, the risks considered as well as the systems and measurements are described the Firm's risk management policy.

The daily risk management tasks on portfolios and operations are performed by the group's risk management function under the supervision of the Chief Risk Officer (CRO). Shared systems and processes allow an efficient monitoring and remediation should excessive risks be identified. However, the overall responsibility for risk management function is allocated to a specific Senior Manager who is not involved in operational matters on a day-to-day basis, and such is reflected in the Firm's Corporate Governance policy.

Compliance and Risk Management form UUK's second line of defence, the first being operations personnel and management. UUK is neither of a size nor complexity to support its own internal audit function. The Board will co-op expertise from other areas of the business and from external sources, should it be required.

Department Heads are responsible for the implementation and ongoing maintenance of comprehensive and effective Risk Management Systems that identify, measure, mitigate and monitor risk within their business units.

Risk Maps for each unit must be provided to Senior Management for review and agreement. Annual written reports must also be provided to the CRO summarising the efficiency of the controls, explaining updates to the framework and giving the status of agreed actions. The CRO is responsible for receiving the above-mentioned documentation from the department heads and for reviewing and approving them. He is also responsible for reporting to the Board on the adequacy of the control environment in the units under their control. The Board is required to sign off the Risk Maps, and all changes and amendments to associated policies and procedures, to ensure that the Firm's exposure is consistent with its risk appetite.

Harm from the Business Strategy

As part of its ICARA process, the Firm has assessed its business model and considered a wide range of harms through the Firm's risk management framework, both in terms of the Firm's ongoing operations and in the case of an orderly wind-down of the business. The result of this assessment is as follows:

Possible harms to the Firm's clients and counterparties are deemed negligible, considering the nature of the strategies implemented (that entail no financial leverage, the purchase and sale of plain vanilla financial instruments such as liquid equities, bonds, UCITS funds and a limited number of simple derivatives such as FX forwards and listed options for the purpose of hedging only). In addition, the Firm has implemented controls and mitigating factors that reduce significantly the risk associated with transactions with counterparties and internal operations, the efficacy of which translates into a very small number of incidents observed since the creation of the firm. Therefore, risks to the clients derives solely of the volatility of their portfolios, that is consistent with the clients' respective profiles.

Potential harms to the markets are also considered negligible considering the size and simplicity of the portfolios managed versus the size of the markets which instruments are purchased from or sold in. Should portfolios need to be fully liquidated in a short period, no measurable impact is expected to be seen, whether in terms of price impact or liquidity.

The most material risks anticipated are those to the Firm. These risks, both business risks and operational risks, and their respective mitigating factors and controls are described in the Risk Maps, and are the subject of a thorough annual review and assessment, the result of which is approved by the Board of Directors of the Firm. None of the operational risks are deemed high and the overall risk level of the Firm is in line with the risk appetite defined by the Firm's Board.



Risk Appetite and Management Approach

The Firm operates with a low-risk appetite, as defined by the Board, that is actively reviewed and monitored through the Firm's corporate governance arrangements. More specifically, the risk appetite is described as follows on the firm's strategic objectives:

- ▶ Brand: risk appetite is very low. The Firm's reputation for integrity and treating its clients fairly will be instrumental to the Firm's ability to grow and develop its business and therefore the Firm has a very low appetite for risks to UUK's reputation, brand, or public perception.
- ▶ Earnings: risk appetite is moderate. The Firm seeks to increase shareholders' equity over the longer term by increasing earnings. This growth is sought by diversification in the strategies managed for clients and in the client base and avoid that a small number of clients represents the largest fractions of assets under management. In the short term, the Firm intends to re-invest earnings in order to develop and grow its offering, client base and infrastructure. Specifically, the Firm accepts a potential shortfall of up to 25% in budgeted earnings operational revenues across the Firm's three-year planning horizon. Capital / liquidity adequacy at reduced earnings levels is subject to stress testing and scenario analysis in the Firm's ICARA.
- ▶ Capital: risk appetite is low. UUK will not accept risks that are assessed as having any realistic potential to materially threaten the Firm's capital adequacy. The Firm's Board has deemed that UUK's capital resources must be at least 150 % of the Firm's overall resource requirement at all times over its 3-year planning horizon.
- ▶ Liquidity risk: risk appetite is low. UUK will ensure that it holds cash of sufficient quantity and quality to meet its obligations as they fall due and to carry out an orderly winding down of the Firm.

OWN FUNDS

Under MIFIDPRU, UUK is required to disclose the composition of its Own Funds and provide a reconciliation of these to the balance sheet in its most recent set of audited financial statements. UUK is also required to describe any material aspects of its Own Funds.

The figures below are in Swiss Francs as that is the reporting currency for the group and the currency used in the financial statements.

| Composition of regulatory own funds (OF1) | | |
|--|---------------------------|--|
| Item | Amount (CHF thousands) | Source based on reference numbers/letters of the balance sheet in the audited financial statements |
| 1 OWN FUNDS | 6,240 | |
| 2 TIER 1 CAPITAL | 6,240 | |
| 3 COMMON EQUITY TIER 1 CAPITAL | 6,240 | |
| 4 Fully paid up capital instruments | 5,000 | Called up share capital |
| 5 Retained earnings | 1,319 | Retained earnings |
| 6 TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1 | 79 | |
| 7 CET1: OTHER CAPITAL ELEMENTS, DEDUCTIONS AND ADJUSTMENTS | 79 | Deferred tax assets |



Own funds reconciliation of regulatory own funds to balance sheet in the audited financial statements

| | a Balance sheet as in published-audited financial statements (CHF thousands) As at 31 Dec 2022 | b Under regulatory scope of consolidation (CHF thousands) As at 31 Dec 2022 | c Cross-reference to OF1 |
|--|--|---|--------------------------------|
| ASSETS | | | |
| Trade debtors | 2,230 | | |
| Cash and cash equivalents | 8,431 | | |
| Total assets | 10,661 | | |
| LIABILITIES | | | |
| Trade and other payables - current | 4,242 | | |
| Trade and other payables - non-current | 100 | | |
| Total liabilities | 4,342 | | |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 5,000 | | 4 |
| Retained earnings | 1,319 | | 5 |
| Total shareholders' equity | 6,319 | | |

Calculation of Own Funds Requirement

Unigestion (UK) Ltd is required to maintain at all times own funds at least equal to the highest of its:

- ▶ Permanent minimum capital requirement: CHF 83k (GBP 75k)
- ▶ K-Factor requirement: CHF 430k
- ▶ Fixed Overhead Requirement (FOR): CHF 2.40m

The K-Factors Applicable to the Firm's Business

Based on our analysis regarding material harms, K-AUM is the only K-Factor relevant for UUK. The Firm does not hold client money, safeguard or administer assets, handle client orders or deal on own account.

MIF003 - Monitoring metrics

| | |
|-------|----------|
| K-AUM | CHF 430k |
|-------|----------|

K-AUM is calculated as 0.02% of Unigestion (UK) Ltd's average AUM over a 12-month period.

REMUNERATION POLICIES AND PRACTICES

Classification of Unigestion (UK) Limited under the Investment Firm Prudential Regime ("IFPR") and Alternative Investment Fund Managers Directive ("AIFMD"):

Unigestion (UK) Ltd. ("the Firm") became a full-scope UK AIFM as of 22 June 2016 and changed from being a BIPRU GBP 50K limited licence firm to a MIFIDPRU GBP 75K limited licence firm with the introduction of the FCA's Investment Firm Prudential Regime on 1 January 2022. The Firm is a collective portfolio management investment firm (CPMI) that is subject to both the AIFM



Remuneration Code contained in the FCA Handbook SYSC 19B, implementing the relevant requirements of the Alternative Investment Fund Managers Directive as well as the MIFIDPRU Remuneration Code contained in the FCA Handbook SYSC 19G.

The AIFM Remuneration Code:

AIFMs within the scope of the AIFMD have to implement a remuneration policy that is consistent with and promote sound and effective risk management in accordance with the guidelines published by the European Securities and Markets Authority (ESMA) on 11 February 2013 (AIFM Remuneration Code) as amended, which restrict the structure and form of remuneration to certain categories of staff (Identified Staff).

The remuneration policy should aim to:

- ▶ Align with the AIFM's business strategy, values and interests
- ▶ Discourage excessive risk taking
- ▶ Enable the AIFM to align the interests of investors and AIFs managed with the interests of the Identified Staff managing such AIFs

The rules defined by ESMA apply to legal persons whose regular business is managing one or more Alternative Investments Funds (AIF) falling under the scope of AIFM Directive.

In accordance with SYSC 19B, the Firm has had to establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management and do not do not encourage risk-taking which is inconsistent with the risk profile in the constitutions of the AIFs it manages.

There are 9 Remuneration Principles in SYSC 19B:

1. Risk Management
2. Supporting business strategy, objectives, values and interest, and avoiding conflicts of interest
3. Governance
4. Control functions
5. Remuneration structures
6. Measurement of performance
7. Pension policy
8. Personal investment strategies
9. Avoidance of the remuneration code

Consideration of proportionality in the application of the Remuneration Code to the Firm

The Firm is a full-scope UK AIFM as of 22 June 2016 and currently acts as AIFM for one AIF.

The AIFM Remuneration Code allows firms to take into account the size, internal organisation and nature, scope and complexity of their activities in determining how to apply the remuneration policy, particularly in relation to:

- ▶ the Pay-out Process rules i.e., the AIFM Remuneration Code rules relating to:
- ▶ Retained units, shares or other instruments (SYSC 19B.1.17R);
- ▶ Deferral (SYSC 19B.1.18R); and
- ▶ Performance adjustment (SYSC 19B.1.19R & SYSC 19B.1.20G).
- ▶ the Remuneration Committee rules.

The Firm has considered the proportionality guidance given by both ESMA and the FCA and has decided that in the circumstances of the Firm's business it is appropriate to dis-apply the Pay-out Process Rules and Remuneration Committee rules in the AIFM Remuneration Code. The relevant factors the Firm has considered in reaching this decision are:

- ▶ The level of AIF assets under management are less than GBP 300m
- ▶ The Firm only manages one AIF, which amounts to less than 10% of its total assets under management
- ▶ The risk profile of the AIF is relatively low with being a fund of fund with low target volatility and limited use of leverage
- ▶ The Firm employs less than 70 staff
- ▶ The Firm is not listed, nor part of a listed group
- ▶ The Firm has a low-risk status with the FCA, being conduct category C4 and prudential category P3

In addition, according to the letter of circumstances published by ESMA in 2016 (the "Letter"), it may be disproportionate to apply the full Guidelines requirements to relatively small amounts of variable remuneration and to apply certain requirements to certain staff when this would not result in an effective alignment of interests between the staff and the investors in the funds. Consequently, the Firm resolved to set some deferred variable remuneration thresholds.



However, the Firm's remuneration policy, which is aligned with the remuneration practices of the Unigestion Group, has been designed to:

- ▶ promote sound and effective risk management appropriate to its business
- ▶ achieve the same objectives as those contemplated in the AIFM Remuneration Code even when specific requirements have been dis-applied or deemed to have been complied with.

The MIFIDPRU Remuneration Code

Depending on their size and complexity, investment firms are either classified as Small and non-interconnected FCA investment firms (SNIs) or as Non-SNIs. The Firm is classified as a Non-SNI that is subject to the basic and standard requirements of the MIFIDPRU Remuneration Code, as it remains under the financial thresholds for the extended remuneration requirements.

The basic requirements relate to

- ▶ Proportionality
- ▶ Gender neutrality
- ▶ Risk management
- ▶ Governance
- ▶ Fixed and variable components of remuneration

The standard requirements relate to

- ▶ Fixed versus variable ratios
- ▶ Ex-ante and ex-post risk adjustments
- ▶ Performance Assessment
- ▶ Non-performance related variable remuneration and awards
- ▶ Independent annual review
- ▶ Discretionary pensions
- ▶ Avoidance and non-compliance

AIFM and MIFIDPRU Remuneration Code staff

AIFM Remuneration Code staff include senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the AIFMs or of the AIFs they manage.

MIFIDPRU Remuneration Code staff are material risk takers (MRTs) that have a material impact on the risk profile of the Firm or the assets it manages relating to its MiFID activities.

Where an MRT or AIFM Remuneration Code staff of the Firm has responsibilities for just MiFID or just AIFM business, the Firm will apply the respective remuneration code. When an MRT/ AIFM Remuneration Code staff has responsibilities for both MiFID and AIFM business, the Firm must apply the most stringent of the applicable remuneration requirements to the individual.

The Firm is responsible for identifying the persons that are a member of their AIFM and/or MIFIDPRU Remuneration Code staff on an annual basis. Individuals are informed if they are categorised as AIFM Remuneration Code staff and/or MIFIDPRU Remuneration Code staff. A list of AIFM and MIFIDPRU Remuneration Code staff is maintained by HR.

Outsourcing and Secondment

If either Risk Management or Portfolio Management are outsourced, the Firm will obtain confirmation from the entity such function has been outsourced to, that their remuneration policy complies with AIFMD and/or MIFIDPRU requirements.

If Unigestion Group staff are seconded to perform any function for the Firm and in the performance of such function are considered "Code Staff", the Firm will ensure that the remuneration of such seconded staff complies with the provisions of this Remuneration Policy.

Unigestion (UK) Ltd. Remuneration Policy

Remuneration Committees

The Group's Compensation Committee was set up in 2003 in Geneva and consists of 2 directors

The primary responsibilities of the Group Compensation Committee include:

- ▶ Designing, reviewing and recommending to the Board compensation policies and programs;
- ▶ Approving the employment terms of key executives when not dealt with by the board of directors;



- ▶ Deciding on the total compensation of the Group Chief Executive Officer, Group Deputy Chief Executive Officer, the members of the Executive Committee and other key executives for the past year;
- ▶ Deciding on incentive plans and rewards attributed to key executives.

The Firm has its own Unigestion (UK) Limited Remuneration Committee, which consists of the following members:

- ▶ Paul Wilson – Non-Executive Chairman
- ▶ Régis Martin – Executive Director

The Firm's Board meets regularly to consider human resource issues relating to terms and conditions of employment, remuneration and retirement benefits. It approves the remuneration policy, the terms of bonus plans, share plans and other long-term incentive plans. The Board will assess annually how remuneration decisions are made within the organisation and to evaluate their alignment with this Remuneration Policy and the Remuneration Code. The Remuneration Committee reviews the Remuneration Policy at least annually for compliance with policies and procedures for remuneration adopted by the Board.

The Board takes full account of the Firm's strategic objectives in setting remuneration policy and is mindful of its duties to shareholders and other stakeholders, including the AIFs it manages and its other customers. The Board seeks to preserve shareholder value and customer service by ensuring the successful retention, recruitment and motivation of employees.

Equal pay

The Firm is fully committed to:

- a) equal pay for male and female workers for equal work or work of equal value
 - b) remuneration that is non-discriminatory against employees on the grounds of any of the protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation)
- in accordance with the Equality Act 2010.

The Firm's Remuneration Committee carefully monitors compliance with these principles.

Remuneration of Directors

Any remuneration for the Chairman, non-executive and group representative members of the Board of Directors is established on an annual basis by the Group's Compensation Committee. This remuneration consists of a fixed annual amount to be paid either annually or at other agreed intervals in arrears. The remuneration of other directors is established in accordance with the Firm's usual remuneration review process described in this document.

The performance review system

The performance review process is a framework of dialogue between the manager and the employee to agree on Key Performance Indicators (KPIs), measurement of those KPIs, career management as well as Training & Development. When defining KPI's the potential sustainability risks as defined by the Unigestion Risk Policy related to the KPI's are always taken into consideration.

There are two performance reviews each year; the annual performance review, which is carried out between December and January and the mid-year performance review which is carried out between July and August.

The mid-year performance review is a lighter version than the annual one as this process aims to do a follow up on KPIs advancement.

Alignment with our values

This section focuses on our Values - Engagement, Conviction and Ownership - with written definitions for each of them to support common understanding.

There is no numerical rating on this section.

The aim is to be a framework of an open dialogue between the employee and his/her manager on his/her strengths and areas of improvement taking into perspective definition of each value.

Key Performance Indicators

Management and department heads establish detailed goals for each team in the company based on the Strategic objectives set by the company. Achievement of these goals are measured by KPIs which are based on the company vision of success built on the following pillars;

- ▶ Performance and service delivered to clients,
- ▶ Sustainable growth for the company incl. sustainability / ESG risks,
- ▶ Contribution to Society.



Department heads then break down these KPIs for their team members. For each staff member tailor-made quantitative and / or qualitative KPIs have been added to reflect individual objectives or professional development. (i.e., ad hoc projects, client presentation improvement, reporting quality etc.)

| Items | Rating |
|--------------------|--------|
| Exceeded | 4 |
| Achieved | 3 |
| Partially Achieved | 2 |
| Not Achieved | 1 |

To assess those KPIs a rating system in a drop-down list allows 4 possibilities as indicated above. Both employee and manager have free comment boxes to express their feedback and give more qualitative insight explaining the rate.

Fixed and variable remuneration

Employee remuneration is made up of fixed remuneration (i.e., base salary and benefits) and variable remuneration.

The remuneration review process happens once a year, between December and February, just after the performance review process.

The Human Resources department in partnership with external consultants conduct each year specific remuneration studies to benchmark staff compensation against the market.

Fixed remuneration

On a case-by-case basis, fixed remuneration adjustments are made with specific evidence backed up with the salary survey.

Effective dates of new salaries following the compensation review are April.

Salaries are paid into nominated bank accounts on the 25th of each month. If the 25th falls on a weekend or bank holiday the salary will be paid on the business day immediately preceding the 25th.

Variable Remuneration

Variable remuneration is based on the following criteria:

- ▶ Unigestion Group's financial performance
- ▶ Performance of the employee and the results achieved from their fixed KPIs incl. sustainability risks
- ▶ Length of service and professional experience
- ▶ Results from the salary survey carried out by HR in relation to remuneration

When awarding a variable remuneration, the qualitative and quantitative and financial and non-financial criteria, and the fixed and variable components of their total remuneration are considered in order to ensure that they are appropriately balanced.

Consideration is given to longer term/multi-year performance rather than solely to performance in the specific year in question.

The decision to award variable remuneration in any year and the amount of any such variable remuneration in any year is at the absolute discretion of the Firm. The base salary is benchmarked and set at a level appropriate for the role, professional expertise and experience so that it is possible that no variable remuneration will be paid. The appropriate ratio between variable and fixed remuneration depends on the individual's role. Variable remuneration (excluding Carried Interest) of up to 100% of fixed remuneration is considered appropriate for support staff, investment professionals, senior management as well as for staff in Business Development roles.

In deciding whether to award a discretionary variable remuneration, and, if so, the amount of any such variable remuneration, the Firm may have regard to criteria relating to individual performance and conduct, the performance of the relevant team and the overall profitability of the Unigestion Group of companies. Variable remuneration is only awarded to the extent that the Firm is able to ensure an ongoing sound capital base.

The payment of a variable remuneration in respect of any one year does not create an entitlement to be considered for, or to be paid, a variable remuneration in respect of any other year. The payment of a variable remuneration of a particular amount in one year does not create an entitlement to be considered for, or to be paid, a variable remuneration of a similar amount in any other year.

The payment of a variable remuneration to one employee of the Firm shall not entitle another employee to be considered for, or to be paid, a variable remuneration of any amount whatsoever. The payment of a variable remuneration of a particular amount to one



employee shall not entitle another employee to be considered for, or to be paid, a variable remuneration of a corresponding amount or any other amount.

Pay-out Process for variable remuneration to AIFM and MIFIDPRU Remuneration Code Staff

Although the Firm is not subject to certain pay-out process rules under MIFIDPRU (instruments, retention and deferral) and has decided to apply proportionality by dis-applying the AIFM Remuneration Code Pay-out Process Rules, it has decided to apply its own deferral arrangements to its pay-out process for variable remuneration to its AIFM and MIFIDPRU Remuneration Code Staff.

- ▶ 50% in cash upfront; and
- ▶ 50% in units of a Unigestion product, deferred over three years

De Minimis

In order to simplify the Pay-out Process Rules and in accordance with the Letter, any deferred variable remuneration up to GBP 40,000 in any given year may be paid 100% in cash up-front. Indeed, we consider that under this threshold the variable remuneration is not significant enough compared to the fixed remuneration. In addition, to ensure fairness amongst all Identified Staff, the first GBP 40,000 of deferred variable compensation may be paid in cash up front as long as the deferred variable remuneration remains greater than GBP 40,000.

Payment of cash upfront

The cash portion of any variable remuneration is usually paid in March each year together with the monthly salary payment.

Payment in units of Unigestion products

The deferred part of the variable remuneration awarded has a vesting period of three years during which the amount is invested in a Unigestion product chosen by the staff member. Staff members in specific investment lines must choose a product managed within their team to align interests. This makes sense as the decisions to include (or not) certain investments into any of the funds and mandates managed by Unigestion are made by the Investment Committee within each team. Transfer in kind or redemption in cash of the units is arranged after the three year vesting period.

Ex-post Risk Adjustment:

Claw-back and Malus

The payment in units of the investment funds or equivalent, deferred over three years, is conditional and valid only if, after three years, the Identified Staff remains employed within the Unigestion Group (it will not be rewarded on a prorated basis if the employment terminates during the deferred period).

Consequently, we believe this in itself provides an automatic and adequate performance adjustment on the deferred variable remuneration for cases of where an individual causes significant losses to the Firm or fails to meet appropriate standards of fitness and propriety that lead to termination of employment. It aligns deferred variable remuneration with interests of investors.

For less severe situations the Firm reserves the right to reduce current year awards to take account of risks arising or adverse events coming to light in respect of previous performance periods.

The Firm's Remuneration Committee is responsible for deciding the extent of any ex-post risk adjustment based on the severity of the impact and the culpability of the individual. Triggers for escalation can be reported by anyone as part of the Firm's Incident Escalation Policy or Whistleblowing Policy. Triggers are likely to be identified and escalated by the risk, compliance, human resources or finance teams and include, but are not limited to, cases of:

- ▶ Misconduct
- ▶ Material error or negligence
- ▶ Material failure of risk management
- ▶ Material downturn in financial performance of the Firm or business unit

Private Equity Department Carried Interest arrangements

Code Staff in the Private Equity department may be awarded Carried Interest percentage points in accordance with the Carried Interest Plan to participate in the potential future profits of the private equity funds and mandates managed by the Firm. Because Carried Interest payments are due only under successful long-term specific performance achievements, the award of Carried Interest percentage points is considered to be variable deferred remuneration and valued based on targeted performance ("target value") at the time of award. There is no target value cap on Carried Interest percentage points that can be awarded for any particular year. However, any excess target value above the required 50% deferred variable remuneration may be carried forward for up to 3 years, to allow for years during which no private equity funds or mandates were launched. The Compensation Committee will be presented with full details of the target value of Carried Interest to be awarded each year to ensure the rules of this Remuneration Policy are met.



Guaranteed Bonus

The Firm is subject to the rules restricting guaranteed bonuses for all staff (SYSC 19B.1.14R & SYSC 19G.6.8R). It is the Firm's policy not to offer a guaranteed bonus unless it is exceptional and in the context of hiring new staff and limited to the first year of service. Such buy-out awards will not be more generous either in amount or terms than that offered by the previous employer.

Procedure

The Human Resources (HR) department monitor the end-of-year compensation review and support department heads in defining their team remuneration strategy as follows:

- ▶ The HR team provides the Heads of Department with their team members' historical salary record, salary surveys and an annual guideline.
- ▶ The Heads of Department then review this with their Line Managers regarding their teams. These meetings take place after the Line Managers have completed their Annual Performance reviews with their direct reports.
- ▶ Heads of Department then send to HR their proposal and for each Head a meeting is organised to challenge and finalise their proposals.
- ▶ Finalised proposals are sent to the Remuneration Committee for review. The Remuneration Committee will either approve or discuss and agree any amendments it wishes to make with HR. Then, meetings between HR and each Head of department are organised to officially finalise and approve the proposals. The remuneration of the Executive Chairman and senior officers in the risk management and compliance functions is directly overseen by the Group Remuneration Committee. Remuneration of risk and compliance staff is based on individual performance and not linked to the performance of the business to ensure independence.

No individual is involved in decisions relating to his or her own remuneration.

Pension & Insurance Schemes

The Firm operates a Group Personal Pension Scheme, the participation in which is voluntary and subject to the rules of the plan from time to time. Contributions are defined at 10% of basic salary. There is no discretionary element.

The Firm has in place Life Insurance, Permanent Health Insurance and Private Medical Insurance Schemes. Participation in Life and Permanent Health Insurance is automatic on commencement of employment and Private Medical Insurance membership is voluntary.

Severance Payments

Should the Firm decide to make a severance payment, it will reflect performance over time and will not reward failure or misconduct.

Anti-avoidance

Staff are not permitted to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements and the Firm will not use any payment mechanisms or vehicles which might facilitate the avoidance of the applicable Remuneration Code(s).

Disclosure

This Remuneration Policy is accessible to staff members via the Unigestion Intranet.

The Firm also discloses its remuneration policies at least annually as an appendix to its consolidated annual financial statements.

There were 7 Code Staff categorised as Senior Management and 13 as other Code Staff during 2022.

Aggregate remuneration awarded in respect of Code Staff during 2022 was GBP 2,293,015. Having regard to the nature, scale and complexity of its business it was decided that the operations of the Firm should be considered as one business unit.

Annual internal review

As required under SYSC 19G.3.4R, an annual, independent internal review of the implementation of this Remuneration Policy is conducted either by internal audit or by compliance to ensure that remuneration awards are in line with business strategy, risk profile, long-term objectives and relevant legal requirements of the Firm. This review is documented and the results are presented to the Firm's Audit, Risk and Compliance Committee, who are responsible for taking action to remedy any findings.