

Pillar 3 Remuneration Disclosures (BIPRU 11)

BIPRU 11.5.18R (1)

The annual decision-making process for determining the remuneration policy is a BNP Paribas Group, enterprise-wide, centrally managed process, called “Compensation & Review Process (“CRP”). It involves several relevant parties, along the following three key principles:

- a. **Top-down determination of high-level funding** envelopes, which allows BNP Paribas Investment Partners (BNPP IP) to take into account the global financial results of the BNPP IP Group, and its business lines, and the respective overall risks;
- b. **Bottom-up individual allocation recommendations**, which allows BNPP IP to take into account the market comparable pay practice, and the risks at team and individual levels;
- c. The **final proposals for compensation awards are achieved within a strict timeline, via an iterative process** concerning key individuals, It follows a risk-based approach, taking account of key variations year-on-year and ensuring fairness of application.

In this decision-making process, key overseers and decision takers are the following:

- BNP Paribas Group: Board of Directors and its Remuneration Committee¹, Group CRIF (Compliance, Risk, Finance, HR) Committee and Compensation & Benefits department.
- Investment Solutions (the division of BNP Paribas Group which includes Investment Partners, the asset management business): CEO and Head of HR, supported by its Chief Compensation and Benefit Officer.
- BNP Paribas Investment Partners: Board of Directors and its Remuneration Committee (“Remco”)², Global CEO, Global Head of HR, Global Head of Reward, Global Head of Finance, business line and function heads (including the Head of Audit, Risk, Compliance and Permanent Control), HR teams (country and business line).
- In addition, for investment management and sales activities, Risk, Compliance and Permanent Control are involved in the monitoring and measurement frameworks of these officers/managers’ performance and reward.
- Investment Partners UK and FundQuest Advisor: Relevant business heads propose remuneration levels, taking into account the available funding. HR co-ordinates the outcomes to ensure fairness and consistency across the businesses. To assist, external input is taken from external market remuneration surveys (e.g., McLagan, Towers Watson, etc).

Approval for the overall compensation pool is also sought from each higher level. All individuals are reviewed by the relevant HR teams (country and business line) and by the business line heads. Depending on the size of certain awards for individuals, these would also be reported for oversight at Investment Solutions and/or Group levels.

BIPRU 11.5.18R (2)

A key element influencing individual compensation is the employee’s annual objectives, and performance is measured against those objectives. Objectives are specific, have a quantitative component and must be measurable. In addition, at least one compliance and one qualitative objective are set annually for each BNPP IP employee. When the individual has team responsibilities, at least one managerial (qualitative) objective is included as well, Where relevant, risk management and compliance requirements are also further elaborated as key components of

¹ for Identified Staff under CRD4, and in compliance with the transposition of this regulation in France, where the parent bank entity of BNPP Group resides and as a result, where the national competent authority and legislation for the home regulator system are to be found

² composed of 1 non-executive director and 2 independent directors, with one of these latter two appointed as chairman of such Remco – the mandate of this Remco covers all the applicable requirements under both the AIFMD remuneration guidelines and the UK Remuneration Code

annual objectives. As a rule, an assessment of the employee's performance always includes compliance with the company's risk management and regulatory objectives and set of rules.

Our performance management and remuneration approaches are duly linked to ensure that compensation is based on achievement of stated business objectives. Compensation is awarded in a mix of short-term and long-term arrangements, as appropriate, to ensure that employees are rewarded for achieving the company's short-term and long-term goals.

Compensation for control and support functions, including Compliance and Risk, is set independently from the performance or compensation of the businesses areas that they oversee or monitor.

BIPRU 11.5.18R 6&7

Aggregate quantitative information for members of staff whose actions have a material impact on the risk profile of the firm:

Business Area***	Number of Staff	Total Remuneration	Total Variable Remuneration
BNP Paribas Investment Partners UK and FundQuest Advisor (London Branch)	19*	£7,587,158**	£4,068,717****

* please note that the number of staff includes employees who were Identified Staff for over 3 months during the 2016 year, including those who joined and left the company during the year.

** base salary information is included on an annualised basis as at 31 December 2016.

*** BNPP IP only has one "business area", namely its asset management business.

**** Total variable remuneration is based on 2015 variable pay and therefore is not earned in their Identified Staff capacity.