

## CONNING ASSET MANAGEMENT LIMITED - REMUNERATION DISCLOSURE

### 1. Background & Scope of Directive Requirements

Conning Asset Management Limited (“CAML”) is an Investment Manager, Authorised and regulated by the Financial Conduct Authority (FCA) in the United Kingdom. As such CAML (and the remuneration policy employed by CAML) is subject to the rules and requirements of the FCA’s Prudential Sourcebook for MIFID Investment Firms (“MIFIDPRU”). For the purposes of MIFIDPRU CAML has been classified as a non-small non-interconnected investment firm (“Non-SNI”). CAML has produced this public disclosure to comply with the requirements of MIFIDPRU 8.

CAML is a wholly-owned subsidiary of Conning Holdings Limited. CAML offers asset management services to Professional Clients in both equity and fixed income strategies. For the year 2023 CAML assessed its requirement to prudentially consolidate under MIFIDPRU2. It identified Conning Holdings Limited as the UK Parent Investment Holding Company and that a UK Investment Firm Group is formed of itself and Conning Inc, Conning Investment Products Inc, Goodwin Capital Advisers Inc, Octagon Credit Investors LLC, Global Evolution Financial ApS, Peralmark Real Estate LLC and Conning Asia Pacific Limited. The remuneration policy of each company is applied at an individual firm level.

This disclosure has been approved by CAML’s board. CAML’s audited accounts set out further information which complement the information in this disclosure. The accounts are freely available from Companies House.

This document does not constitute any form of financial statement on behalf of CAML and has not been audited by CAML’s auditors.

### 2. Objective

This disclosure is made annually in conjunction with the audited financial statements, to inform investors as to how staff at CAML are remunerated.

### 3. Remuneration Disclosure

As a non-SNI firm the disclosure is required to contain information related to CAML’s:

- governance arrangements; and
- remuneration policy and practices

#### 1. Governance arrangements

The UK Board appointed a Remuneration Committee (RemCo) in 2010. The RemCo ensures that the remuneration policies of the firm are developed, approved and reviewed in accordance with the Board’s strategic objectives, promote sound and effective risk management, and do not exceed the firm’s levels of tolerated risk.

There are five members of the RemCo; two CAML Board Directors, one Executive and one Non-executive, the UK Compliance Officer, the COO and the Vice President from Human Resources. Four members of the RemCo are not beneficiaries of the remuneration schemes, one of whom is the Chair. The Non-executive Director, the COO and the Compliance Officer are based in the UK and the other two are based in Conning’s offices in Hartford USA. This provides two levels of control and oversight of remuneration activities.

As a fiduciary asset manager, CAML acts at all times in the best interests of clients to protect and enhance the economic value of the investments we manage on their behalf. Good corporate governance within the Conning Group is founded upon sound governance and risk policies which protect and enhance the return to the investor. CAML’s remuneration policies have been implemented to include these values and are based on both qualitative and quantitative results of the firm and the individuals meeting their own goals and objectives set out in the annual review process.

CAML’s investment decisions are based on CAML’s own research into investment prospects. Investment research, in the majority of circumstances, is supplemented by meetings with senior management of investment prospects, together with reviewing independent data and reports in order for CAML to determine its own assessment of the investment prospect. This process of analysis focuses on the long term investment decision and is an on-going monitoring process. Remuneration is based on firm wide results and the bonus pool is allocated at the department and unit level, based on the department’s and unit’s contribution to Conning’s results compared to planned goals

## 2. Remuneration Policy and practices

CAML pays fixed remuneration and, depending on the role, may also pay variable compensation and/or bonuses to each staff member as set out below.

### **Fixed Remuneration**

Compensation ranges are determined at a job function level, with individual compensation set within the range based measurable on factors including, but not limited to, years of experience, span of control, and certifications required. The Company contracts with a third-party consultant to review pay equity on the basis of gender, age, and where data is available, by race and ethnicity. The review is conducted every 3 years and remediation actions, if any required, are made following discussions with our consultants. To date, there have been no systemic, pay-equity issues found in our compensation philosophy, process and underlying programs.

### **Variable Compensation and/or bonuses**

Each year, the Board of Directors of CHL and CAML develop and agree annual metrics and goals for CAML. At the end of the calendar year, a bonus pool may be created, the development of which is partially formulaic and partially qualitative and is tied to firm-wide results. The bonus pool is allocated at the department and unit level, based on the department's and unit's contribution to Conning's results compared to planned goals. An individual employee's bonus, if any, is based on performance against the individual's established goals. Both quantitative results and qualitative objectives are taken into consideration. Bonus awards may be subject to conditions and terms for payment and/or vesting, as determined by the Board.

CAML has established two variable remuneration schemes, the Discretionary Bonus Scheme and the Long Term Incentive Plan (LTIP). The Discretionary Bonus Scheme applies to all employees and the LTIP has two equity investment schemes operating under it, the Restricted Share Units scheme ("RSU") and the Share Appreciation Rights Scheme ("SAR"). Details of the plans are documented below.

### **Scheme 1 Discretionary Bonus**

In order to provide incentive to employees to achieve key business objectives and as a reward for individual performance, CAML may pay an annual discretionary bonus.

Each year, the Boards of Directors of Conning Holdings Limited ("CHL") and the Company develops and agrees annual metrics and goals for the Company. At the end of each calendar year a bonus pool is created tied to firm-wide results.

The bonus pool is allocated at the department and unit level based on the department's and unit's contribution to CAML's results compared to planned goals.

An individual employee's bonus, if any, is based on their performance and against the individual's established goals as determined in the annual review process. Both quantitative results and qualitative objectives are taken into consideration. Bonuses are entirely discretionary. A bonus of zero may be awarded.

Bonus amounts payable may be subject to deferral where the payable amount exceeds USD 120,000. The deferred percentage of the bonus increases as the amount payable in the form of bonus increases from USD 120,000.

### **Scheme 2 Equity Investment Scheme**

There are two schemes operated under the Long Term Incentive Plan:

1. A restricted share units scheme ("RSU"), which may be awarded to officers of CAML; and
2. A share appreciation rights scheme

Neither scheme awards actual shares in the company or its parent (i.e. shares in either Conning or Assicurazione Generali), rather in each case shadow shares are awarded which reference the value of the company's or parent's shares in public issues.

Awards are subject to vesting provisions determined at the time of the award. The value of awards paid is based on the fair market value of CHL, and awards are generally payable only to employees who continue to be employed by the company at the time the award is payable. The schemes accordingly seek to align the interests of the individual with the long-term interests of the company. The two schemes while similar have for example different vesting requirements.

### **Bonus considerations**

In deciding each individual's total compensation due regard is taken of an appropriate balance between fixed and variable remuneration. Therefore, due to the nature of performance, performance sets the proportion of remuneration as it is based. Variable remuneration of zero may be awarded.

All employees are subject to a ratio (in the form of a range or a band) between the fixed compensation and variable compensation which may be awarded. The ratios differ depending on the role performed (e.g. portfolio managers have a different ratio to the CEO).

### **Guaranteed bonuses**

Bonuses are generally discretionary. Guaranteed bonus awards may be provided in "exceptional" cases only and must be limited to 1 year (no multi-year guarantees). As a result, as part of the offer approval process all guaranteed bonus awards require careful written justification as to their "exceptional" nature. CAML ensures that the guaranteed compensation of a new joiner is not more generous in either its terms or amount than that which was awarded or offered by the existing employer. In practice guarantee offers must not represent a significant increase on the existing or expected compensation level at the existing employer, assuming a similar role and level of responsibility.

Variable compensation is payable only if it is sustainable according to CAML's financial condition. While not exercised for the year 2023, the CHL board and the CAML board have the ability to apply malus/ clawback to reduce the value of all or part of the deferred variable remuneration before it has vested where there is subdued negative performance.

### **Awarded Remuneration in 2023**

Senior Management	Fixed remuneration	£677,300
	Variable remuneration	£1,103,901
	<b>Total amount</b>	<b>£1,781,201</b>
Other MRTs	Fixed remuneration	£505,000
	Variable remuneration	£183,865
	<b>Total amount</b>	<b>£688,865</b>
Non-MRTs	Fixed remuneration	£1,764,926
	Variable remuneration	£517,360
	<b>Total amount</b>	<b>£2,282,286</b>

No guaranteed variable remuneration was awarded to an MRT during the year.

CAML identifies its MRTs by the role they are undertaking and if that role meets the criteria listed in SYSC 19G.5.3 R. For the performance year 2023 CAML identified 9 staff met the definition of MRT.