

**2023**

**REGULATORY INFORMATION  
DOCUMENT FOR INVESTMENT FIRMS**

**Fund Channel**

Together we make fund distribution easier

This document provides the regulatory governance and risk management information for Fund Channel S.A. in accordance with Part 6 of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms.

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# 1. PRUDENTIAL REGULATION FOR INVESTMENT FIRMS (IFR)

The prudential regulations applicable to investment firms have been amended by the so-called "IFR/IFD" rules. These are based, on the one hand, on Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms ('IFR') and, on the other hand, on Directive 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms ('IFD'). The latter was transposed into Luxembourg law in the Financial Sector Act of 5 April 1993 on 21 July 2021.

These texts provide for a categorization of institutions according to different criteria, data collection, and requirements in terms of minimum capital, risk monitoring, liquidity and publication in accordance with Article 46 of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019.

To adapt this regulation to the size and challenges of each investment firm, three classes of investment firm have been identified.

Fund Channel S.A. is classified as a mid-cap (or Class 2) investment firm, and is largely subject to IFR/IFD obligations at statutory level. It does not fall under the exemptions in Article 12 ('small and non-interconnected investment firms') of the Regulation.



## 2. PRESENTATION OF FUND CHANNEL S.A.

Fund Channel S.A., a wholly-owned subsidiary of Amundi, is a B2B fund distribution platform currently operating in a dozen different countries in Europe and Asia. Facilitating the distribution of funds from asset management companies to distributors has been the core business of the company since its creation in 2005.

Combined with our local presence in Luxembourg, Switzerland, Singapore and Italy, Fund Channel offers an open architecture with a single entry point that covers the entire value chain.

Because we have chosen an ecosystem of digitized services connecting all facets of fund distribution activities, Fund Channel, as a key player to the business,

offers enhanced services and tools to customers with the aim of making fund distribution easier.

### 2.1. KEY FIGURES

Fund Channel has offices in 4 countries: Luxembourg (Head Office), Switzerland (Subsidiary), Singapore (Branch) and Italy (Representative Office). Fund Channel operates with asset management companies in 21 countries.



#### LUXEMBOURG

Fund Channel S.A. (Headquarters)

**90**  
employees

**€22.8 million**  
revenue

**€5.3 millions**  
pre-tax operating income

**€1.2 million**  
income taxes paid

#### SWITZERLAND

Fund Channel (Suisse) S.A.

**1**  
employees

**€0.7 millions**  
revenue

**€33.221**  
pre-tax operating income

**€25.088**  
income taxes paid

#### SINGAPORE

Fund Channel S.A.  
(Branch)

**1**  
employee

#### ITALY

Fund Channel S.A.  
Representative Office

## A 360-DEGREE MODULAR SERVICE ECOSYSTEM AROUND THE DISTRIBUTION PLATFORM

Fund Channel provides innovative services to Asset Managers and Fund Distributors, including the negotiation of distribution agreements with distributors and management companies, Fund Execution solutions, facilitating KYC-AML and monitoring regulatory obligations, providing fund data and documentation, providing sales analysis reports, facilitating fund dealing and management contacts, and increasing the assets distributed.

Fund Channel provides its clients with the legal, regulatory, commercial and technological infrastructure entirely dedicated to fund distribution.

Our clients can benefit from a comprehensive 360° ecosystem across the entire fund distribution value chain:



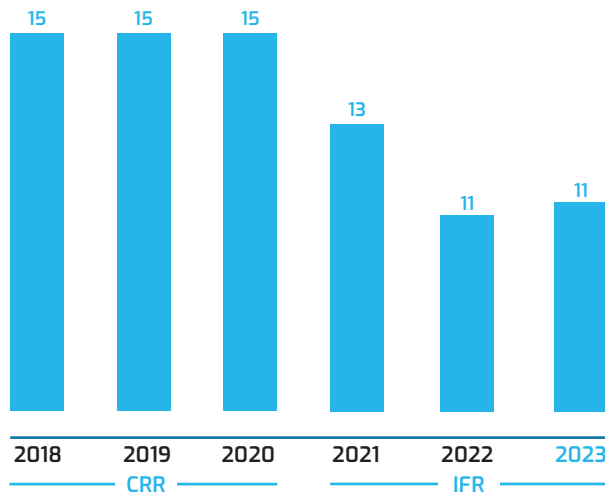
- **Fund dealing, RTO & Custody :**
  - » extended custody and cash management services, with the support of our Fund Dealing experts dedicated to monitoring your activity.
- **Distribution supervision :**
  - » transparent management of your contractual and regulatory oversight obligations, as well as all relevant calculations and analyses of commissions on outstanding amounts.
- **Fund data dissemination and selection tool:**
  - » a single solution to access all your data: dynamic, static, regulatory and necessary for order-making.
- **Market Intelligence :**
  - » input and analyze the data you need on demand, including distributor type, asset classes, risk, geography and peer positioning.
- **Investment solutions :**
  - » solution dedicated to the Sales and Financial Advisory teams. Amundi\* expertise in asset allocation, fund selection, management company services and investment support tools.

\* "Amundi Investment Solutions is a Simplified Joint Stock Company (SAS) with share capital of €1,143,615,555. Approved by the Autorité des Marchés Financiers under No. GP 04000036 as a portfolio asset management company, RCS PARIS 437 574 452, whose registered office is located at 91-93, boulevard Pasteur, 75015 Paris – France. Amundi Investment Solutions is an indirect shareholder of Fund Channel SA and is the legal entity that offers and provides Investment Solution services."

## A SOUND FINANCIAL STRUCTURE

### Fund Channel S.A. (CET1)

(€ million)



### CAPITAL RATIO FUND CHANNEL S.A.

(in %) end 2023 (IFR)

**299%**

### EQUITY FUND CHANNEL S.A.

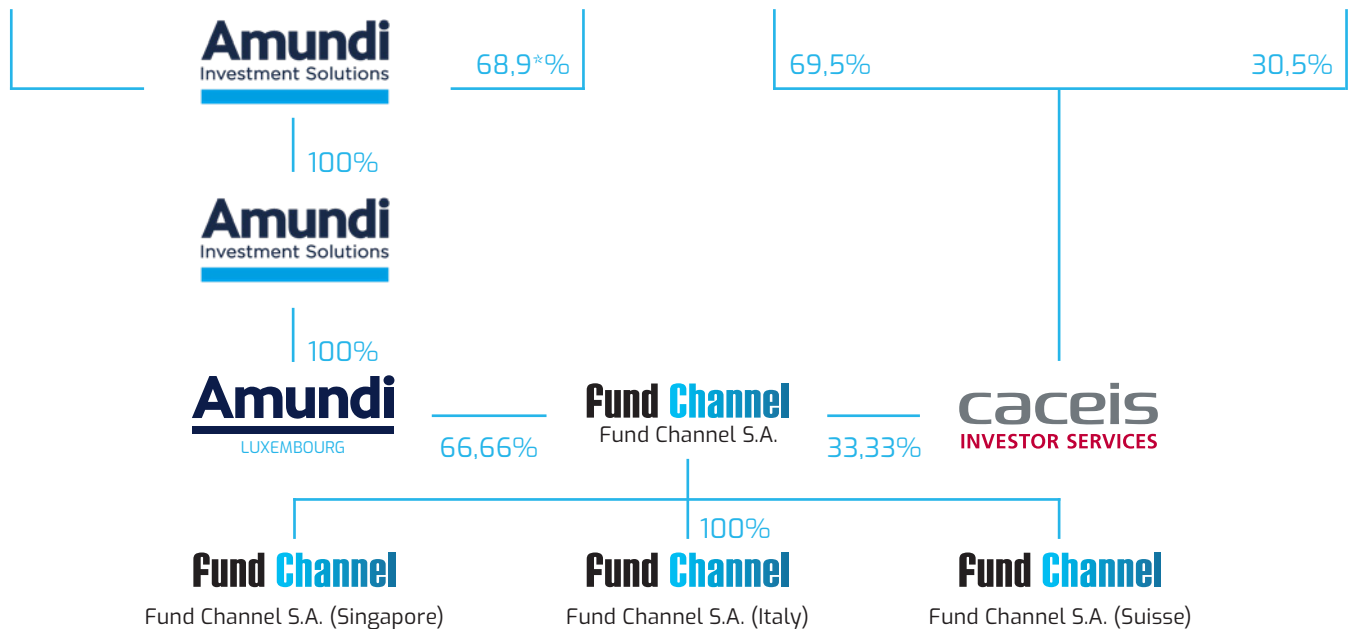
(CET 1) end 2023 (IFR)

**11 M EUR**

## 2.2. SHAREHOLDERS

### OTHER

Public (floating) 29%  
Employees & Treasury share 2%



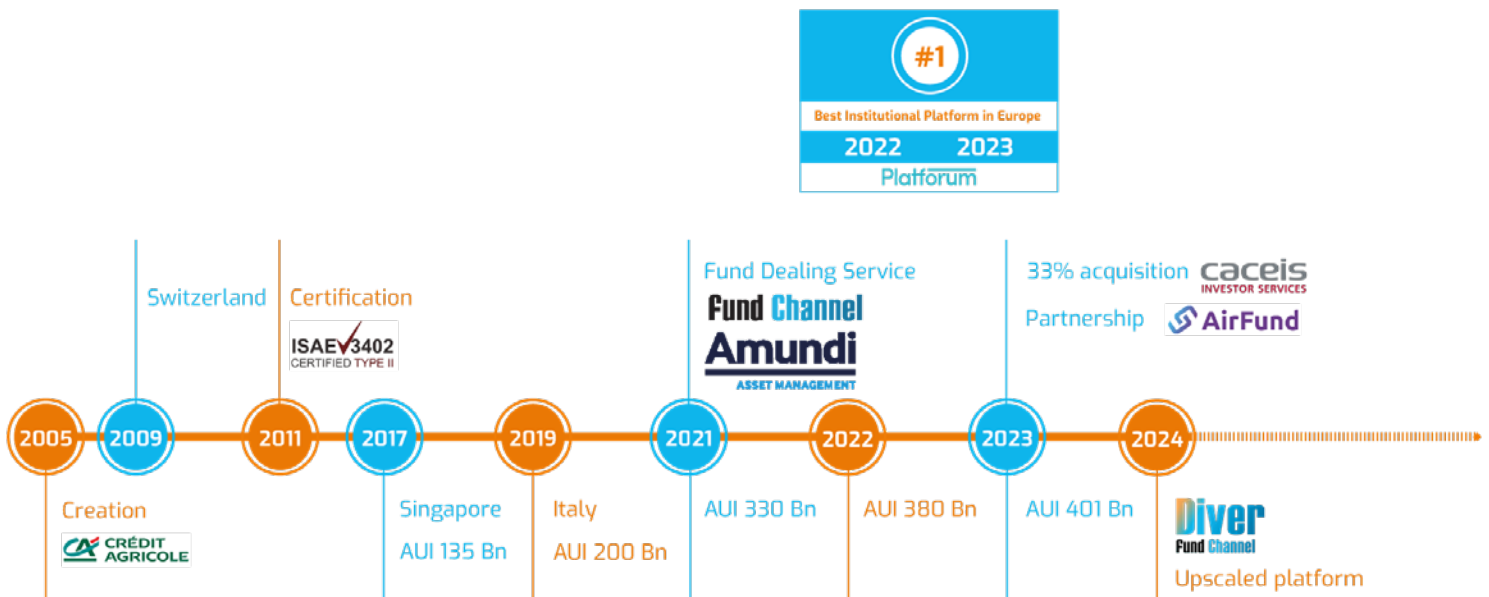
\*Capital distribution as of 2023/12/31

Amundi is the holding company of the Amundi Group. It is majority owned by the Crédit Agricole Group (68.9%). It carries out its asset management activities mainly through subsidiaries in France and abroad, joint ventures (particularly in Asia) or other entities. At December 31, 2023, the Crédit Agricole Group held 68.9% of the capital, the free float represented 29%, employees 1.4% and self-ownership 0.6%. No shareholder has double voting rights.

## 2.3. BACKGROUND

Since 2005, Fund Channel has been providing innovative services to facilitate fund distribution, enhance transparency and improve processes for fund management companies and fund distributors with the aim of improving their relationships with clients, partners and regulators.

- **2005:** creation of Fund Channel S.A. a qualified investment firm for the distribution of mutual funds and organized into a BtoB fund distribution platform with an open architecture,
- **July 31, 2009:** BNP Paribas Asset Management Holding S.A. joins Fund Channel S.A.'s shareholding with AMUNDI Luxembourg through a joint venture between AMUNDI Luxembourg (50.04%) and BNP Paribas Asset Management Holding S.A. (49.96%),
- **September 15, 2009:** creation of the Swiss subsidiary wholly owned by Fund Channel S.A.,
- **2011 :** first ISAE3402 Type II certification,
- **February 17, 2017:** establishment of the Singapore branch,
- **April 25, 2019:** creation of the Italian representative office,
- **December 18, 2020:** buyout by AMUNDI Luxembourg of all shares of BNP Paribas Asset Management Holding in Fund Channel S.A., which becomes a wholly-owned subsidiary of AMUNDI Luxembourg again,
- **May 12, 2021:** obtained licenses from the Ministry of Finance to carry out Reception, Transmission (RTO), Order Execution and Safekeeping activities,
- **June 30, 2021:** signing of a service contract with CACEIS Bank Luxembourg Branch, governing the outsourcing of the RTO service and safekeeping services.
- **September 2022:** Amundi and CACEIS announce the strengthening of their strategic partnership to accelerate Fund Channel development. Under the terms of this agreement, CACEIS will acquire 33.33% of Fund Channel, with Amundi remaining the majority shareholder.
- **April 24, 2023:** CACEIS BANK has purchased 33.1/3% shares of Fund Channel S.A..
- **November 2023:** New partnership with the AirFund platform to enable Fund Channel expand its service offering to private assets.





## 3. GOVERNANCE

### 7 MEMBERS OF THE BOARD OF DIRECTORS AT 31/12/2023

**Pierre JOND**  
Chair of the Board of Directors  
since 2023  
CEO Amundi Luxembourg

**Pierre-Adrien DOMON**  
Managing Director  
CEO Fund Channel S.A.  
since 2020

**Matthieu GUIGNARD**  
Director  
since 2022  
Global Head of Services and Solutions

**Arnaud FRICAUDET**  
Board Member of Fund Channel  
since April 2023  
CEO Amundi Technology

**Joseph SALIBA**  
Board Member of Fund Channel  
since April 2023  
Deputy CEO CACEIS Bank

**Philippe BOURGUES**  
Board Member of Fund Channel  
since April 2023  
Country Managing Director CACEIS Bank  
Luxembourg Branch

**Olivier RENAULT**  
Independent Board Member of Fund Channel  
since April 2023

### 2 MEMBERS OF THE EXECUTIVE COMMITTEE AT 31/12/2023

**Pierre-Adrien DOMON**  
Managing Director  
CEO Fund Channel S.A.  
since 2020

**Nicolas VAULEON**  
Secretary General  
since 2021 until March 2023  
and **Michaël MARTINEAU**  
COO Fund Channel S.A.  
Ad interim until March 2024

### 5 MEMBERS OF THE MANAGEMENT COMMITTEE AT 31/12/2023

**Pierre-Adrien DOMON**  
Managing Director  
CEO Fund Channel S.A.  
since 2020

**Nicolas VAULEON**  
Secretary General  
since 2021 until March 2023

**Vincent LE MEUR**  
Chief Transformation Officer Fund Channel S.A.  
since 2022

**Michaël MARTINEAU**  
COO Fund Channel S.A.  
since 2021

**Régis VEILLET**  
Head of Business Development Fund Channel S.A.  
since 2021

## 3.1. THE BOARD OF DIRECTORS

The Board of Directors (“Board”) is composed of three members from the Amundi Group, appointed by the Ordinary General Meeting of Shareholders for a term ending at the next General Meeting of shareholders.

At December 31, 2023, the membership was as follows:

### Term of office of the members of the Board of Directors

		Age	Gender	Nationality	Number of terms	Start of term	End of term	Years of presence on Board
Chair of the Board of Directors	<b>Pierre JOND</b> CEO Amundi Luxembourg	58	M	French	10	2023	AGM 2024	1
Managing Director	<b>Pierre-Adrien DOMON</b> CEO Fund Channel S.A.	43	M	French	3	2020	AGM 2024	4
Directors	<b>Matthieu GUIGNARD</b> Global Head of Solutions & Services Amundi Group	52	M	French	6	2021	AGM 2024	2
	<b>Arnaud FRICAUDET</b> CEO Amundi Tehcnology	52	M	French	3	2023	AGM 2024	1
	<b>Joseph SALIBA</b> Deputy CEO CACEIS Bank	66	M	Canadian and French	5	2023	AGM 2024	1
	<b>Philippe BOURGUES</b> Country Managing Director CACEIS Bank Luxembourg Branch	53	M	French	7	2023	AGM 2024	1
	<b>Olivier RENAULT</b> Independent Board Member	60	M	French	4	2023	AGM 2024	1

In accordance with the provisions of Article 11 of the by-laws, and in order to ensure the continuity of the Board of Directors, it meets once a quarter and at least four times a year. The Board of Directors may also meet on simple request from at least two of its Directors.

### **Quorums of attendance**

The quorum of the Board of Directors is constituted by a majority of the Directors present or represented.

Directors who participate in the meeting of the Board of Directors by videoconference or by any other means of telecommunication shall be deemed present for the purposes of calculating the quorum and majority.

### **Quorums for votes**

Decisions of the Board of Directors are taken by a simple majority of the members present (or represented), it being specified that the Chair of this Board has a casting vote in the event of a tie.

Circular resolutions are valid under Luxembourg law provided that the Directors' consent is unanimous. Decisions must therefore be signed in one or more documents by all Directors.

## **3.1.1. OPERATION**

### **Term of office**

In accordance with Article 12 of the by-laws, the three-year terms of office of directors are correctly allocated over time. The terms of office shall be renewable for an identical period. Reappointment is based on past performance.

### **Holding of other offices when Chair of the Board of Directors**

The position of Chair of the Board of Directors cannot be combined with a position as an authorized director. The Chair of the Board of Directors is a member of the staff of the Amundi Group, who does not hold executive functions within the Company.

### **Statutory powers of the Chair of the Board of Directors**

The Chair of the Board chairs the meetings of the Board of Directors and the General Shareholders' Meetings. The Chair shall have a casting vote in the event of a tie in the votes cast on decisions of the Board of Directors that do not require the unanimity of the Directors.

### **Objectives and responsibilities**

Members' objectives and responsibilities are documented in Fund Channel's written mandates and policies. Members shall ensure that their position is and remains compatible with their other possible jobs and interests, in particular in terms of conflicts of interest and availability. To this end, they inform the Board of Directors each year of the positions they hold outside the institution by means of an inventory accompanied by an assessment of the risk of conflicts of interest and the risk of non-availability.

For the purpose of their appointment and renewal of their term of office, each member shall provide evidence of their good professional reputation, professional skills (knowledge, understanding and experience of the company's activities and the economic and regulatory environment in which it operates), their independence, and the time they can devote to their duties.

### **Training/Seminar**

Traditionally, directors are offered training sessions throughout the year to improve both their knowledge and skills and to deepen their understanding of the Company's business lines and strategic challenges.

### **Evaluations**

The Board carried out a formal self-assessment in 2023, covering individual and collective skills. The Board has practical and sufficient experience in distributing investment funds and more particularly in the retrocession of management fees. It shall also regularly evaluate the procedure governing its organization and operation.

## **3.1.2. ROLES AND RESPONSIBILITIES**

The Board of Directors defines, oversees and is responsible for the implementation of a robust system of central administration, governance and internal control. It approves and adopts the company's strategy, guiding principles and policies in writing, after hearing the Managing Director, the Secretary General and the heads of internal control functions.

### **Implementation**

The Board of Directors instructs the Authorized Management to implement the strategies and guiding principles through written internal policies and procedures.

At least once a year and for 2023, the Board of Directors has monitored, critically assessed and approved Fund Channel's internal governance framework, including the key strategies and guiding principles and their implementation within the institution, internal control mechanisms and the risk-taking and management framework.

The Board of Directors also promotes an internal risk culture that raises staff awareness of the requirements of sound and prudent risk management, fosters a positive attitude towards internal control and compliance, and stimulates the development of an internal governance system that enables the achievement of its objectives.

As regards internal control functions, the work carried out in 2023 was performed in accordance with recognized standards.

### 3.1.3. CONFLICT OF INTEREST

To the best of the Company's knowledge, at the time of writing, there is no potential conflict of interest between the duties owed to the Company by the members of the Board of Directors and the General Management of the Company and their private interests.

Each member of the Board of Directors must take care to avoid placing themselves in a situation of conflict of interest or, where such situation does arise, to disclose any situation of conflict of interest in which they might find themselves. Each member of the Board of Directors is required to guarantee and respect the primacy of the interests of each client, and to avoid placing themselves in a situation where they may have to choose between their personal interests and the interests of Fund Channel

or of the clients. They must therefore refrain from taking part in a decision by the Board of Directors which causes a conflict of interest for them.

## 3.2. AUTHORIZED MANAGEMENT

From 1 January 2021 to March 2023, Mr. Nicolas Vauléon held the position of Secretary General, as well as serving as Managing Director of Amundi Global Services for a transitional period. The Chief Operating Officer (COO) function fulfills the role of 2nd authorized officer.

The CEO and the COO are the two "authorized managers" vis-à-vis the Commission de Surveillance du Secteur Financier (CSSF).

### 3.2.1. MANDATE OF THE CHIEF EXECUTIVE OFFICER

#### Term of office

The Managing Director of the Company is appointed for a renewable period of one year by the Board of Directors of Fund Channel S.A., after approval by the CSSF. The CEO is chosen from among the directors and will handle day-to-day management within the meaning of Article 60 of the Law of 10 August 1915 concerning commercial companies, as amended (the "Managing Director").

#### Status and powers

Article 13 of the by-laws confers on the Managing Director the most extensive powers in the day-to-day management of Fund Channel S.A..

### Authorized Management

	Position	Residence	Liability
<b>Pierre-Adrien DOMON*</b>	Managing Director/Chief Executive Officer	Luxembourg	Commercial and operational activities
<b>Michaël MARTINEAU</b>	Chief Operating Officer	Luxembourg	IT and operational activities, Chief Risk Officer position

\*Head of the Company's Management in accordance with Article 19 (3) of the amended Law of April 5, 1993 and with IML Circular 95/120.

### 3.2.2. MANDATE OF THE SECRETARY GENERAL

On the proposal of the Directors, the Managing Director appoints the Secretary General. The latter is in charge of the Legal, Finance, Budgetary Control, Accounting, Risk, Compliance and Human Resources activities of Fund Channel. The Secretary General reports to the Chief Executive of Fund Channel S.A..

The Managing Director and Secretary General are proposed as authorized managers to the CSSF. Where applicable, an interim manager is proposed as a registered manager to the CSSF.

Within the limits set by the CSSF, the Legal, Risk and Compliance functions of Fund Channel collaborate, in their respective fields, with the business lines of the Shareholder.

### 3.2.3. DIVERSITY AND GENDER POLICY

Fund Channel applies the diversity and gender diversity policy of the Amundi Group. Recruitment and performance evaluation shall take equal treatment into account in order to promote diversity among staff, in particular in positions of high hierarchical importance.

Due to the size of the company, the size of the teams of authorized managers and of the Executive and Management Committees is small. Quantitative targets are therefore not defined in terms of gender, age, origin, education or other factors.

Nonetheless, senior management encourages diversity and inclusion as a positive contribution to the organization of the company, and values differences within the workforce as an asset for the success of the company.

The progress points for 2023 are as follows:

- concrete support for **female talent**: Fund Channel continued its policy of supporting female talent through the creation of a diversity and inclusion committee and adherence to the leadership training programs of the Amundi Group;
- Fund Channel, which is 41% female, has joined the Amundi Group in strengthening **the consideration of gender diversity in HR processes with attention paid to talent pools**, and taking gender diversity into account in succession plans for key functions of the company and for all employees.

## 3.3. COMMITTEES

### 3.3.1. EXECUTIVE COMMITTEE

This committee is the decision-making body of the General Management. It deals with the important issues of the Company. Its members are the Managing Director and Secretary General of Fund Channel S.A.. It meets every week.

### 3.3.2. MANAGEMENT COMMITTEE

This Committee makes organizational and operational decisions related to the day-to-day life of the Company. It also aims to inform the different teams of the main projects in progress. This Committee is composed of the members of the Executive Committee, the Chief Operating Officer, the Chief Transformation Officer and the Head of Business Development. It meets every week.

### 3.3.3. SPECIALIZED COMMITTEES

For the 2023 financial year, given the size, non-systemic activity and risk strategies of the Company, the principle of proportionality was applied to the governance of Fund Channel S.A.. The application of this principle was approved by the Board of Directors on June 16, 2021 and renewed by the Board of Directors on July 4, 2023.

In accordance with CSSF Circular 12/552, as successively amended, this principle is applied while ensuring compliance with the principles of segregation of duties and responsibility to avoid conflicts of interest in respect of the same person.

In accordance with this principle of proportionality, the functions of the Specialized Committees are taken over directly by the Board of Directors. The functions of the Specialized Committees in terms of audit, appointment and remuneration are centralized at the Amundi Group level by the Specialized Committees for Audit, Appointment and Remuneration of the Amundi Group.

The objectives of the Board of Directors are therefore also to:

- define the Company's risk appetite;
- validate Fund Channel's overall risk policy and limits;
- validate the methodologies for calculating risk indicators;
- determine the risk framework for each product or activity;
- review the results of the checks carried out.

Fund Channel has internal committees involving the participation of business lines. These risk, internal audit and compliance committees help management with its overall risk management responsibility.

These committees receive regular and ad hoc reports, information, communications and opinions from internal control officers concerning Fund Channel's risk profile, its risk culture, its limits, as well as any material incident that may appear with the details of the information, corrective actions taken and recommendations or suggestions to be taken.

As far as necessary, the committees ensure the participation of the other control/support functions Human Resources, Legal, Finance as part of their expertise or seek the advice of external experts.

### 3.3.4. AUDIT COMMITTEE AMUNDI GROUP

#### Composition and changes

The composition of the Amundi Group Audit Committee did not change in 2023. It is staffed by two-thirds of independent staff and financial experts.

To support these three members, Jean-Michel Forest, a non-voting director, also attends Committee meetings and brings his vision as Chair of a Crédit Agricole Regional Bank, both a customer and shareholder of the Amundi Group.

At the request of the Committee, the Head of the Governance and Corporate Secretariat Division, the Head of the Strategy, Finance and Control Division, the Chief Financial Officer, the Head of Risk and the Statutory Auditors of the Amundi Group systematically attend these meetings.

Other occasional speakers may be brought in to present certain specific subjects at the Committee's express request.

#### Missions and activities 2023

The tasks entrusted to the Audit Committee are described in Article 5.2 of the Internal Rules contained in Chapter 8 of the Amundi Group's 2023 Universal Registration Document. These have evolved to take into account the role that the Audit Committee now plays in analysing the non-financial indicators that the Company communicates to the market during its financial information.

#### Work resulting from its recurring assignments for the Amundi Group:

- analysis of activity and company accounts for 2022 and the 2023 quarterly and half-yearly accounts;
- systematic review of draft press releases on results publications;
- analysis of regulated and current agreements in the light of the criteria it determines;
- annual hearing of the Statutory Auditors, in the absence of any representative of the Company, and analysis of their approaches and quarterly audit work, as well as their independence;
- oversight of the completion of work beyond the audit performed by the Statutory Auditors;
- validation of the audit plan for the 2023 financial year;
- analysis of sensitive non-financial indicators and the implementation of their control.

#### Specific in-depth analyses also covering Fund Channel:

- annual regulatory internal audit.

## Amundi Group Audit Committee

	Name Individual attendance rate	Status	Function	Main areas of expertise
<b>3 Members</b>  <b>5* Meetings</b>  <b>100% Global attendance rate</b>	<b>Christian ROUCHON</b> Chair 100%	Member representing the Crédit Agricole Group	Chief Executive Officer Regional Bank	Accounting and financial information Risk amangement, compliance and internal audit Information technology and security Strategic planning Governance and remuneration Legal requirements and regulatory framework Sales / Marketing
	<b>Virginie CAYATTE</b> 100%	Independent member	Financial Director	Accounting and financial information Risk management Compliance and internal audit Strategic planning Asset management and financial markets Governance and remuneration Legal requirements and regulatory framework
	<b>Robert LEBLANC</b> 100%	Independent member	Company executive	Risk management, compliance and internal audit Governance and remuneration Social and environmental issues

\* Out of the 5 meetings, a Joint Risk and Audit Committee met on 6 December 2023

### 3.3.5. AMUNDI GROUP APPOINTMENT COMMITTEE

#### Composition and changes

The composition of the Amundi Group Appointments Committee, in accordance with the AFEP-MEDEF Code and the banking regulations applicable to it, change in 2023 following the departure of Yves Perrier. Bénédicte Chrétien, HR Director of the Crédit Agricole group, took his place on this Committee, thus strengthening the Committee's skills in the field of recruitment and the selection of potential applicants.

These three members have expertise that is specifically useful to the Committee's missions.

At the request of the Committee, the Deputy Chief Executive Officer and the Secretary of the Board traditionally attend the meetings of the Appointment Committee.

#### Missions and activities 2023

The tasks entrusted by the Amundi Group Board to the Appointments Committee are described in Article 5.6 of the Internal Rules contained in Chapter 8 of the Amundi Group's 2023 Universal Registration Document.

In this regard, it is noted that the Appointments Committee has the task of making recommendations regarding the policies for the selection and appointment of members of the Board, the Committees and the Company's management or the corporate bodies of its subsidiaries. In this context, it ensures that social and environmental issues are taken into account and that

the different skills are covered in a balanced manner.

#### Work resulting from its recurring assignments for the Amundi Group:

- analysis and assessment of the independence criteria of directors qualified as such;
- analysis of the composition of the Board and its Committees, and recommendations with regard to the balance, diversity, skills and experiences of its members with a view to their suitability with the strategy and changes in the activity of the Amundi Group;
- study of the individual skills and contributions of Board members;
- analysis of the survey results of the collective and individual self-assessment questionnaires and recommendations for improvement;
- recommendations on the expiry of directors' terms of office;
- review of compliance with the recommendations of the AFEP-MEDEF Code;
- review of the succession plan of the company officers, in accordance with the applicable procedure;
- review of the policies governing the selection and appointment of members of the Group's corporate bodies.

#### Specific works also covering Fund Channel :

- analysis and follow-up of the ECB's Fit & Proper recommendations.





## Amundi Group Appointments Committee

	Name Individual attendance rate	Status	Function	Main areas of expertise
<b>3 Members</b>  <b>4 Meetings</b>  <b>100% Global attendance rate</b>	<b>Hélène MOLINARI</b> Chair 100%	Independent member	Former DGD of MEDEF	Governance and remuneration Social issues and environmental Asset management and financial markets Sales / Marketing
	<b>Robert LEBLANC</b> 100%	Independent member	Company Chief Executive Officer	Governance and remuneration Social issues and environmental Risk management, compliance and internal audit Accounting and information financial
	<b>Benedicte CHRETIEN*</b> 100% over 2 meetings	Director	Group Human Resources Director of Crédit Agricole S.A.	Governance and remuneration Social issues and environmental Asset management and financial markets Risk management, compliance and internal audit Accounting and financial information Strategic planning Legal requirements and regulatory framework
	<b>Yves PERRIER**</b> 100% out of 2 meetings	Chairman of the Board	Chairman of the Board of Amundi	Governance and remuneration Social issues and environmental Asset management and financial markets Risk management, compliance and internal audit Accounting and financial information Strategic planning Information technology and security Legal requirements and regulatory framework Sales / Marketing

\* Bénédicte Chrétien joined the Appointments Committee by decision of the Board of Directors of 12 May 2023.

\*\* Yves Perrier resigned at the end of the General Meeting of 12 May 2023.

### 3.3.6. AMUNDI GROUP COMPENSATION COMMITTEE

#### Composition and changes

The composition of the Compensation Committee of the Amundi Group changed in 2023 following the departure of Yves Perrier, Bénédicte Chrétien, HR Director of the Crédit Agricole group, took his place on this Committee, thus strengthening the Committee's skills in the Social field. Two thirds of its members are independent members and it is chaired by one of them. Its three members have expertise that is specifically useful to the Committee's missions. It is also recalled that, in accordance with paragraph 3 of Article L. 225-27-1 of the French Commercial Code, Amundi is not obliged to have a director representing employees within its Board of Directors, as its parent company, Crédit Agricole S.A., is itself subject to this obligation. Accordingly, Amundi is not bound by the provisions of the AFEP-MEDEF Code relating to the presence of an employee director on its Remuneration Committee.

At the request of the Committee, the Head of the Governance and Corporate Secretariat Division, the Head of the Strategy, Finance and Control Division and the Head of Human Resources of the Amundi Group attend the Committee. In addition, both Crédit Agricole S.A.'s HR Director and the Chief Executive Officer of the Amundi Group may be required to attend meetings of the Remuneration Committee on an ad hoc basis.

#### Missions and activities 2023

The tasks entrusted by the Amundi Group Board to the Remuneration Committee are described in Article 5.5 of the Internal Rules contained in Chapter 8 of the Amundi Group's 2023 Universal Registration Document.

#### Work resulting from its recurring assignments for the Amundi Group:

- Recommendation on the proposed remuneration policy for 2023;
- analysis of the implementation of the 2023 remuneration policy, taking into account the Company's financial results;
- study of the remuneration of members of the Executive Committee, Heads of Internal Control and "identified" persons within the meaning of the applicable financial regulations;
- review of the conditions for the allocation of performance share plans;
- study of the indexation of deferred bonuses;
- recommendation, after study, of a capital increase reserved for employees in 2023;
- analysis and proposal of compensation for Chief Executive Officers and Chief Executive Officers;
- recommendation of guidelines in Amundi's gender policy, in light of the study of the report on gender equality in the workplace.

## Remuneration Committee of the Amundi Group

	Name Individual attendance rate	Status	Function	Main areas of expertise
<b>3 Members</b>  <b>2 Meetings</b>  <b>100% Global attendance rate</b>	<b>Robert LEBLANC</b> Chair 100%	Independent member	Company Chief Executive Officer	Governance and remuneration Social and environmental issues Risk management, compliance and internal audit Accounting and financial information
	<b>Laurence DANON-ARNAUD</b> 100%	Independent member	Former company manager	Governance and remuneration Strategic planning Social and environmental issues Accounting and financial information
	<b>Benedicte CHRETIEN*</b> 100% over 2 meetings	Director	Group Human Resources Director of Crédit Agricole S.A.	Governance and remuneration Social and environmental issues Asset management and financial markets Risk management, compliance and internal audit Accounting and financial information Strategic planning Legal requirements and regulatory framework
	<b>Yves PERRIER**</b> 100% out of 1 meeting	Chairman of the Board	Chairman of the Board of Amundi	Governance and remuneration Social and environmental issues Asset management and financial markets Risk management, compliance and internal audit Accounting and financial information Strategic planning Information technology and security Legal requirements and regulatory framework Sales / Marketing

\* Bénédicte Chrétien joined the Appointments Committee by decision of the Board of Directors of 12 May 2023.

\*\* Yves Perrier resigned at the end of the General Meeting of 12 May 2023.

### 3.3.7. RISK COMMITTEE, INTERNAL AUDIT COMMITTEE AND COMPLIANCE COMMITTEE

Composition and changes: The composition of the committees did not change in 2023. They are chaired by the Managing Director of Fund Channel S.A.. Participants are members of the Management Committee, to whom may be added:

- heads of departments;
- the Risk, Compliance and Audit business line correspondents of the Amundi Group Shareholder.

These committees receive regular and ad hoc reports, information, communications and opinions from the Head of Internal Control regarding Fund Channel's risk profile, its risk culture, its limits, as well as any material incidents that may appear with the details of the information, corrective actions taken and recommendations or suggestions to be implemented.

#### **Half-yearly committee with the business lines of the Amundi Group Shareholder:**

- *Risk and Compliance Committees:* These six-monthly Risk and Compliance Committees are carried out with the participation of the Risk, Compliance and Audit business lines of the Amundi Group Shareholder.

The Risk Committee is formed by applying the principle of proportionality to the Internal Audit Committee.

This committee informs the management bodies and the Amundi Group's internal control business lines about the status and management of risks within Fund Channel, and the results of the controls carried out.

Where necessary, the committees ensure the participation of the other control and support functions, such as Human Resources, Legal Affairs, Finance as part of their expertise or seek the advice of external experts.

The minutes are communicated at the meeting of the Board of Directors.

In addition to the Risk Committee, a summary report on risks, covering the main topics supervised by the Committee, is provided to its participants on a quarterly basis.



### Internal Subcommittees

- *Risk Sub-Committee:* The purpose of this monthly risk committee is to share with the Management Committee and department heads the management and results of risk and internal audit work;
- *Compliance Sub-Committee:* The purpose of this quarterly committee is to share the management and results of compliance work, including the work in matter of financial security and ethics, in collaboration with the Management Committee and department heads.

Specific committees may also be set up at the request of the Board of Directors, to advise and assist it on all aspects relating to the recruitment of external experts who can provide advice or support.

### 3.3.8. OPERATIONAL SECURITY COMMITTEE (OSC) AND IT SECURITY COMMITTEE

#### Composition and changes

The composition of the committees did not change in 2023.

Fund Channel's Information and Communication Technology (ICT) and Security (Information Security Officer) risk control function is handled by Fund Channel's Chief Operating Officer (COO).

The Fund Channel IT Officer function is supported by the Head of IT of Fund Channel S.A..

These two functions are responsible for relaying the Amundi Group's Information Systems Security (ISS) guidelines and for overseeing Fund Channel's information systems security system in compliance with Luxembourg regulations.

The **Operational Security Committee (OSC)** oversees Fund Channel's information system security system in compliance with Luxembourg regulations. It meets at least 3 times a year.

The **Security Committee** oversees the security of property and persons, the security of information systems, the business continuity and crisis management plan and the protection of personal data. It meets monthly.

In addition, these two committees monitor the implementation of the recommendations relating to information systems in collaboration with the Amundi Group's IT team.

## 4. POLICY AND PRACTICE ON REMUNERATION

Fund Channel has to set up a remuneration policy in accordance with the IFR/IFD regulations as transposed in the Law on the Financial Sector of 5 April 1993 and updated on 28 November 2022 and previously in application of the European Union Directive 575/2013 commonly known as CRD IV.

Since its implementation in 2019, the policy applies to all Fund Channel entities and is published annually.

In 2023, the policy was reviewed and updated and was approved by the Board of Directors. It aims to reflect the local implementation of the principles of the remuneration policy of the Amundi Group as well as the local regulatory requirements.

The Global Group Policy is reviewed annually by the Amundi Remuneration Committee, chaired by an independent non-executive Director and composed of members who are either independent or not exercising any executive function at Amundi. The Global Group Policy applies to all Group entities in Europe and Asia.

The Company's remuneration policy is aligned with Amundi's corporate strategy, its objectives, values and long-term interests, such as the prospects for sustainable growth, and complies with the principles governing the protection of its clients and investors.

In 2024, the company has done a review of its remuneration policy as based on the annual self-assessment, the condition laid down in Article 38-22(4)(1) LSF was not met by Fund Channel anymore. The analysis on the application of the proportionality principle will be maintained and updated on a yearly basis. The updated policy will be available on the company's website after validation from CSSF and final approval from Fund Channel board.

### 4.1. REMUNERATION STRUCTURE

The purpose of the remuneration policy is to align remuneration with sound risk management. The remuneration system in place is linked to the strategic objectives of the Company and consists of a balance between fixed and variable remuneration and a measure of performance.

Each employee will be entitled, at the Company's discretion and under the terms and conditions of his or her employment contract, to a portion or all of the following components of remuneration, depending on his or her responsibility and place of work:

- Fixed remuneration, based on the level of responsibility to be taken into account according to local specificities and market conditions. The fixed component represents a sufficiently high share of the total remuneration to allow the operation of a flexible policy on variable remuneration, including, where appropriate, the possibility to pay no variable remuneration at all.
- Variable compensation, divided into two components:
  - » Annual bonus that rewards the employee, either individually or based on the performance of the team of which he or she is a member, and is determined at the discretion of management based on the level of objectives and pre-defined performance criteria;

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***“THE ENVELOPES OF THE DIFFERENT SECTORS ARE DETERMINED ACCORDING TO A TOP-DOWN PROCESS ALLOWING THE CONTRIBUTION OF EACH SECTOR TO COLLECTIVE PERFORMANCE TO BE TAKEN INTO ACCOUNT AT EACH STAGE.”***

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- » “Long Term Incentive” for a selected population of key executives: award of Amundi performance shares, intended to motivate managers to achieve business and financial goals as well as on the implementation of Amundi’s ESG trajectory objectives.
- » Collective variable remuneration: fully discretionary remuneration intended to involve the employee in the financial performance generated by the Company. It is exclusively designed to associate employees financially with the Company’s economic results and is not based on individual performance criteria.

This variable remuneration may be paid in the form of a profit-sharing bonus in accordance with the provisions of Article 115 number 13a of the Income Tax Law, which is based on the net profit that the Company has generated for the operating year preceding the one in which the employee profit-sharing bonus is allocated. The payment of this profit-sharing bonus is at the discretion of the Company’s management.

- Benefits: intended to provide support and protection for employees and their family members, such as meal vouchers, company car and/or parking space, expatriation package, non-discretionary pension plan or non-discretionary supplementary pension.

## 4.2. CRITERIA FOR AWARDING VARIABLE REMUNERATION

Variable compensation is paid only if the employee meets the performance conditions (bonus) and/or if the condition linked to the Company’s positive results is met (participatory bonus) and if the employee does not take excessive risks during the said period.

The variable remuneration envelope is determined based on the results of the previous financial year and ensuring that the level of capital remains sufficient.

In particular, the total variable remuneration envelope of the Amundi Group is determined as a percentage

of gross operating income, allowing the amounts distributed to be calibrated according to the results generated by the Amundi Group. This envelope takes into account the risks (including those related to sustainability) and is communicated to the Amundi Group Board of Directors.

The envelopes of the various sectors are determined according to a top-down process allowing the contribution of each sector to collective performance to be taken into account at each stage.

The envelope is then distributed between the different departments and according to the assessment of their performance and, within each department, according to the assessment of individual performance.

Individual performance is assessed as part of an appraisal procedure where the employee is assessed by their line managers. The assessment of individual performance leads in particular to the setting of variable remuneration.

Individual performance is reviewed through the performance evaluation process, which assesses how employees achieve the quantitative and/or qualitative objectives related to their role, and which takes individual behavior into account in order to avoid short-term risk-taking in particular.

For executives other than the Managing Director, the objectives are defined by the Fund Channel Board of Directors. The assessment of the objectives of the other officers is carried out by Managing Director of Fund Channel.

The determination of the amount to be paid to each of the employees take into account qualitative criteria, the long-term interest of the employee in the Company, the personal involvement of the employee and the performance of the tasks entrusted to him. Depending on the position occupied, quantitative criteria are also put in place.

The achievement of the qualitative and/or quantitative criteria set determines the variable remuneration paid to each employee.

The assessment of individual performance is carried out by line managers on the basis of the following objective,

	Function related to the activity	Quantitative criteria	Qualitative criteria
Transactions	Billing management and recovery of commissions for the customer account	<ul style="list-style-type: none"> <li>Compliance with billing deadlines</li> <li>Timeliness of collection of fees on behalf of customers</li> </ul>	<ul style="list-style-type: none"> <li>Joint consideration of interests of the Company and the interests of the client</li> <li>Customer satisfaction</li> <li>Management quality</li> <li>Transversality and sharing of best practices</li> <li>Compliance with risk policy</li> <li>Compliance and legal rules</li> </ul>
Commercial	Development and monitoring of the commercial relationship	<ul style="list-style-type: none"> <li>New Customer Relationship</li> <li>Convention implementation</li> </ul>	<ul style="list-style-type: none"> <li>Entrepreneurial spirit</li> <li>Joint consideration of interests of the Company and the interests of the client</li> <li>Management quality</li> <li>Transversality and sharing of best practices</li> <li>Compliance with risk policy</li> <li>Compliance and legal rules</li> <li>Client satisfaction</li> </ul>
Control	Project management and achievement of personal objectives, regardless of results of the business controlled	<i>Depending on the projects managed and objectives set</i> <ul style="list-style-type: none"> <li>Load management/optimization</li> </ul>	<i>Depending on the projects managed and objectives set</i> <ul style="list-style-type: none"> <li>Quality of controls</li> <li>Compliance and taking account of the interests of the client</li> <li>Management quality</li> <li>Cross-functional approach and sharing of best practices</li> </ul>
Support	Project management and achievement of own objectives	<i>Depending on the projects managed and objectives set</i> <ul style="list-style-type: none"> <li>Load management/optimization</li> </ul>	<i>Depending on the projects managed and objectives set</i> <ul style="list-style-type: none"> <li>Customer service and support quality to operational staff</li> <li>Improving the effectiveness of the company, contribution to its development</li> <li>Management quality</li> <li>Cross-functional approach and sharing of best practices</li> </ul>



### Bonus Cap

This variable remuneration is capped according to two principles:

- variable remuneration may not exceed 100% of the fixed portion of the total remuneration of each employee; and
- the shareholder of Fund Channel (excluding the staff concerned by the ratio in question) may approve a higher level of the ratio between the fixed and variable components of remuneration provided that the variable remuneration does not exceed 200% of the fixed portion of the total remuneration of the person concerned.

## 4.3. REMUNERATION REPORT

In 2023, Fund Channel applies the rules of the Amundi Group. These deferral rules are described in the table below.

The percentage is applied to the entire annual variable remuneration granted (application "from the first euro"). The application of this scale may not give rise to a deferred amount of less than €15,000. Below this amount, the deferral is cancelled and variable remuneration is paid in full.

The application of this scale may not result in an immediate payment of less than the guaranteed non-deferred portion.

In the event that the employee benefits from the long-term incentive plan:

- The performance shares awarded are taken into account for the calculation of the portion of variable remuneration to be deferred;
- Performance shares will be issued to the beneficiaries at the end of the vesting period (vesting in a single tranche). The deferred portion of the bonus will be divided into three equal tranches which will be paid over a period of three years following the award date (staggered vesting);
- In the event that the long-term incentive is greater than the amount to be deferred, taking into account the guaranteed non-deferred portion, the bonus will be paid in full on the award date.

Each portion of the deferred variable remuneration will vest definitively only if the following conditions are met:

- collective performance (at group level),
- absence of risky professional behavior (at individual level), and
- presence on the acquisition date.

Failure to meet the above conditions may lead to a reduction or even permanent loss of the amount to be collected.

Variable remuneration granted	Percentage to be carried forward	Portion not carried forward
€ 0 - 99 999	0%	-
€ 100K – 400K	40%	100K
€ 400K – 600K	50%	240K
> € 600K	60%	300K

## 4.4. PAYMENT IN THE FORM OF INSTRUMENTS

Fund Channel, independently, does not issue any instrument provided for in the provisions of article 38-22 paragraph 3 point 1 a) LSF. Thus and in accordance with article 38-22 paragraph 3 point 2, paragraph 2 of the LSF, Fund Channel has requested the approval of the CSSF, concerning the use of Amundi Group instruments, namely a basket of Amundi funds and/or in some cases Amundi shares.

## 4.5. AGGREGATE QUANTITATIVE INFORMATION

The following is the aggregate quantitative information on compensation, broken down by senior management and staff whose activities have a material impact on Fund Channel's risk profile:

Fund Channel (Luxembourg + Switzerland)	Remuneration Disclosure – 31/12/2023
	Identified employees (Senior Management + Risk takers)
i) the amounts of remuneration awarded and paid in 2024 for 2023, broken down between fixed remuneration, with a description of its components, and variable remuneration, as well as the number of beneficiaries;	
Number of persons concerned	5
Total compensation	1 222 032
o/w amount of fixed part	898 382
o/w variable part amount (including LTI)	323 650

ii) Variable compensation awarded in 2023 split into cash, shares and shares-linked instruments (in € and number of beneficiaries)	
Number of persons concerned	5
Cash payment	269 025
Deferred compensation 2022	21 850
Conditional deferred amount (including LTI)	32 775
iii) the amounts of deferred remuneration awarded in respect of previous performance periods, divided between the amount accruing in the financial year and the amount accruing in subsequent years	
Number of persons concerned	0
iv) the amount of deferred remuneration accruing during the financial year that is paid during the financial year and reduced as a result of performance adjustment	
Number of persons concerned	1
v) the guaranteed variable remuneration awarded during the financial year, and the number of beneficiaries	
Number of persons concerned	0
vi) redundancy payments awarded in previous periods which have been paid during the financial year	
Number of persons concerned	0
vii) the amounts of redundancy payments awarded during the financial year, broken down into immediate and deferred redundancy payments, the number of recipients of redundancy payments and the highest amount of redundancy payments awarded to a single person	
Number of persons concerned	0

\* If there is only one employee in a category, this category will be compiled with another so as not to provide individual data.

\*\* "Employment contract"

Nicolas Vauleon, the Secretary General of the Company, has a permanent employment contract with Amundi Global Servicing and does not receive any direct remuneration from the Company for his work as Secretary General. This contract is maintained insofar as Nicolas Vauleon holds his position as Chief Executive Officer within Amundi Global Servicing.

To the extent that 72.28% of the remuneration and benefits paid by Amundi Global Servicing to Nicolas Vauleon under this employment contract are re-invoiced to Fund-Channel Luxembourg, this section describes the remuneration of Nicolas Vauleon as set out in this employment contract. The information presented below therefore represents 100% of the remuneration awarded or paid to Nicolas Vauleon."

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# 5. INVESTMENT POLICY

Not applicable for 2023.

# 6. RISK MANAGEMENT AND RISK ADEQUACY OWN FUNDS

## 6.1. RISK MANAGEMENT SYSTEM

### 6.1.1. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Fund Channel's internal control system complies in particular with the provisions laid down in the "IFR" regulation, in the law of 5 April 1993 on the Financial Sector as updated on 21 July 2021 and transposing the "IFD" Directive, and in the texts relating to internal control and corporate governance, issued in particular by the Commission de Surveillance du Secteur Financier (CSSF), the European Banking Authority and the Basel Committee.

The internal control system is structured in a manner consistent with the principles set out by the Amundi Group and Cr dit Agricole Group and in compliance with Luxembourg regulations. These external repositories are supplemented by Fund Channel's internal charters, standards and procedures in the areas of risk control, including IT and accounting, compliance control and internal audit.

The internal control system applies uniformly to all Fund Channel entities and covers the supervision and control of activities as well as the measurement and monitoring of risks.

The Board of Directors defines the risk appetite framework and risk limits applicable to Fund Channel. The governance of the internal control system requires the Risk Committee to report the results of controls and significant incidents with respect to this framework to the Board of Directors and the Amundi Shareholder Group systematically.

The resources, tools and reports implemented according to these standards enable regular information to be provided to the General Management,

Board of Directors and the Amundi Group on the operation of internal control systems and their suitability with regard to the Company's risk profile.

#### 6.1.1.1. FUNDAMENTAL PRINCIPLES

Fund Channel's internal control framework is based on the following core principles:

- systematic information to the Board of Directors on risk management, monitoring of limits granted, the activities and results of controls implemented by the various components of the internal control system, as well as significant incidents;
- direct involvement of General Management in the organization and operation of the internal control system;
- comprehensive coverage of activities and risks;
- a clear definition of responsibilities, through formalized and updated delegations; and
- effective separation of engagement and control functions.

The internal control system is based on two main pillars:

- risk measurement, monitoring and control systems: financial and credit risks, operational risks (operational processing, accounting and financial information, information systems), legal risks and non-compliance risks; and
- a first-level permanent control system carried out by the operating units, second-level permanent control carried out by the Risk, Compliance and Security functions, and periodic control exercised by the Amundi Group's Internal Audit.

Fund Channel's internal control framework covers all Fund Channel entities.

### 6.1.1.2. DUTIES OF THE CONTROL FUNCTIONS

#### Internal Control Scheme

	Fund Channel S.A. Board of Directors		
Periodic control LEVEL 3	Amundi Group Internal Control Committee		
	Internal Audit Function Group Amundi Audit Inspection Officer		
Permanent control LEVEL 2	Risk Committee, Compliance Committee, Fund Channel S.A. Security Committee		
	Risk Function Operational, prudential, credit controls	Compliance Function Controls: financial security, ethics, market integrity, customer protection, personal data	Security Function Controls: computer security, personal data, business continuity, safety and security of persons and property
Permanent control LEVEL 1	Controls exercised by operational units through the principle of separation of functions and hierarchical controls, ensures that internal procedures relating to operational processes are respected and that they comply with the laws and regulations in force and with professional and ethical standards. Level 1 checks are used to prevent or detect any risk arising as a result of Fund Channel's activities		

#### Fund Channel First Level Permanent Control

First-level permanent control is the foundation of the Internal Control system. It is implemented by the business units under the responsibility of their hierarchical superiors. First-level permanent control ensures compliance with internal procedures relating to operational processes, their compliance with applicable laws and regulations, and professional and ethical standards. It prevents or detects all the risks generated by Fund Channel's activities.

The heads of the business units are each responsible for managing the related risks and their activities. They are responsible for defining, effectively deploying and regularly updating the Permanent Control system within their units.

The control system takes into account the Luxembourg regulatory framework and internal procedures, it being understood that these procedures must evolve and adapt to the expectations of our clients, and take into account the expected improvement in the face of observed or potential incidents, as well as the recommendations made by the Internal Audit.

The operational units are equipped to carry out these controls and communicate the results thereof regularly to the Authorized Management, the Risk & Compliance Department, the Information Security Officer and the IT Officer.

They draw up at least annual reports for the attention of the Authorized Management, including the list of key indicators and controls implemented to manage the risks to which they are exposed, as well as a summary of the results of the controls carried out.

In the event of a significant deterioration in a risk, the operational units alert their management and control functions immediately.

The quality and relevance of first-level controls and the effective reporting of their results to second-level control functions is a key element for the efficiency of second-level controls.

#### **Fund Channel second-level permanent control**

Second-level permanent control is carried out jointly by three control functions, independent of the operational units:

- the Risk function;
- Compliance;
- the Security function.

The Risk and Compliance functions are supported by the Risk and the Compliance Departments. The Information Security Officer function is held by the Chief Operating Officer in collaboration with the IT Officer and the Security Department of the Group Amundi.

These three functions are responsible for jointly coordinating the entire Permanent Control system in compliance with Luxembourg regulations, to verify that it ensures full coverage of the risks to which Fund Channel is exposed. These control functions for the Risk function and the Security function report hierarchically to the Chief Operating Officer while Compliance report to the CEO, and through the business lines of the Group Amundi via a functional hierarchical link.

The Risk, Compliance and Security functions work jointly and in a complementary manner in their respective areas of competence, ensuring the consistency and effectiveness of the controls carried out by the operational departments.

By taking into account the first-level controls implemented by the business lines and the reports made, the Risk, Compliance and Security functions define and exercise their own second-level controls. The frequency of these second-level controls and their completeness depend on the risk analysis and mapping carried out annually by each of the three functions.

The second-level control functions cannot replace the operational departments in performing the first-level controls.

**The Fund Channel Risk function** is responsible for monitoring the risks, excluding non-compliance and information system risks, to which Fund Channel is exposed.

As such, the Risk function:

- continuously verifies that Fund Channel is not exposed to credit and financial risks beyond their tolerance limits;
- checks that operational risks are controlled.

**The Fund Channel Compliance function** is responsible for monitoring compliance risks, and constantly ensures compliance with legislative or regulatory provisions, professional and ethical standards, particularly in terms of:

- financial security;
- protection of customers;
- the protection of personal data in collaboration with the Security function;
- professional ethics;
- prevention of fraud and corruption;
- personal data;
- market integrity.

In this context, the Compliance function checks that employees have a minimum level of knowledge of the regulatory and ethical environment and financial techniques.

**The Fund Channel Security function** is responsible for monitoring risks related to the information system (IT infrastructure, applications and data) as well as risks related to the protection of personal data (within the framework of the European and Luxembourg regulations on the processing of personal data and on the free movement of these data), business continuity and the protection of persons and goods.

### Amundi Group coordination

The Risk, Compliance and Security Departments of the Amundi Group exercise a global steering role for the permanent control system of the Amundi Group. As such, they define the approach and principles for deployment in the various Group entities, including Fund Channel, coordinate control plans, and then organize the feedback of results, respectively.

### Consolidated indicators for the Crédit Agricole Group

The Crédit Agricole Group has implemented a set of key indicators (qualified as 2.2c controls) in various areas, which include: Credit risk, Financial risk, Accounting risk, Non-compliance risk, Business Continuity Plan, Security Prevention, IT risk, Operational risk.

The Fund Channel Risk Management Department coordinates with a designated domain manager within the Amundi Group to establish the relevant indicators for Fund Channel using the 2.2c indicators proposed by Crédit Agricole S.A. as a methodological reference. As such, it maintains the audit trail of the controls performed and the results obtained in addition to the audit trail maintained locally by Fund Channel.

The Fund Channel Risk Division reports the results of the controls carried out on the basis of the indicators defined by Fund Channel to the Risk Division of the Amundi Group. The Amundi Group Risk Department coordinates the collection and consolidation of results for the entire Amundi Group and transmits them to Crédit Agricole S.A.

### Fund Channel third-level control

Fund Channel's internal audit assignments are entrusted to the Amundi Group's Internal Audit.

The Amundi Inspection Department is responsible for the periodic control of Amundi Group entities, including Fund Channel. It ensures the regularity, safety and effectiveness of transactions and the control of risks of any kind. It operates within the framework of audit plans to cover Fund Channel's activities with a frequency linked to the Company's risks and validated by the Fund Channel Board of Directors.

Since September 19, 2018, the Amundi Inspection Department has been using an external consultant to

perform local regulatory duties in Luxembourg with a Luxembourg audit firm.

Each audit mission is the subject of a report and recommendations to which Fund Channel commits. The effective implementation of the recommendations is monitored by six-monthly missions conducted by Amundi's Inspection Department.

### 6.1.2. GOVERNANCE

On the proposal of the Authorized Management, the Board of Directors validates the risk appetite in accordance with the strategy defined for Fund Channel.

The governance of the internal control system is organized within Fund Channel around:

- the Board of Directors;
- Risk Committees, including Audit, and Compliance, to which the Risk, Compliance and Audit business lines of the Amundi Group actively contribute;
- Risk and Compliance Sub-Committees to raise awareness, involve department heads in decision-making, manage risks in line with business strategy and objectives.

It ensures that the internal control system is continuously monitored to verify its adequacy and effectiveness. The Authorized Management is informed of the main deficiencies identified and the corrective measures taken.

The Board of Directors:

- validates, on the proposal of the Authorized Management, the risk appetite in accordance with the strategy defined for Fund Channel;
- is informed at least twice a year by presentations from the Authorized Management on the consolidated risk and results situation of Fund Channel, the status of the risk monitoring and internal control system and the results of the activity and the results of the internal control. The Board of Directors is also informed of significant incidents above certain thresholds reviewed annually by the Board of Directors. Finally, it examines the Annual Report on Internal Control once a year.



### 6.1.2.1. INTERNAL CONTROL COMMITTEES

#### Fund Channel Risk Committee

In addition to the role of the Board of Directors, the following Risk Committees, chaired by the Managing Director of Fund Channel, are the main risk governance bodies of Fund Channel and its entities:

- The six-monthly Risk Committee, formed by applying the principle of proportionality to the Internal Audit Committee, in which the Amundi Risk business line and Amundi Inspection participate. This committee informs the management bodies and the business line of the results of the controls carried out. The minutes are communicated at the Board of Directors' meeting;
- The Monthly Risk Sub-Committee, in which the Management Committee and all department heads participate.

The Risk Committees are responsible for overseeing the implementation and application of the Risk Control Program for Fund Channel and its entities. As such, the Risk Committees:

- are recipients of any significant information about incidents;
- oversee the risk management framework and ensure its relevance and effectiveness;
- validate the risk mapping and control plan, which are reviewed annually;
- review control results, dashboards and other indicators for all Fund Channel entities;
- assist and report to the Board.

Decisions taken by the Risk Committee are binding on all Fund Channel entities.

#### Fund Channel Compliance Committee

In addition to the role of the Board of Directors, the following Compliance Committees, chaired by Managing Director of Fund Channel, are the main governance bodies for the non-compliance risks of Fund Channel and its entities:

- The half-yearly Compliance Committee, formed by applying the principle of proportionality to the Internal Audit Committee, in which the Amundi risk business line and the Amundi Inspection Department participate. This committee informs the management bodies and the business line of the results of the controls carried out. The minutes are communicated at the Board of Directors' meeting.
- The Compliance Sub-Committee at least every quarter, in which the Management Committee and all department heads participate.

The Compliance Committees are responsible for overseeing the implementation and application of the Compliance Control Program for Fund Channel and its entities. As such, the Compliance Committees:

- are recipients of any material information regarding incidents in the application of laws and regulations;
- oversee the compliance risk management system and ensure its relevance and effectiveness;
- validate the non-compliance risk mapping and the Compliance control plan, which are subject to an annual review;
- review control results, dashboards and other indicators for all Fund Channel entities;
- monitor the significant deficiencies of which they are aware and the remedial measures relating thereto, and take any decision and give any further instructions on the measures to be taken to remedy the deficiencies;
- assist and report to the Board.

Decisions taken by the Compliance Committees are binding on all Fund Channel entities.

#### Committees involving Fund Channel's risk and compliance functions

Risk and compliance functions are involved at each stage of the development of Fund Channel's business and services.

The risk and compliance functions contribute to:

– **Local and central New Business, Product and Service Committees** by providing an opinion on risk, compliance

with the finance and legal departments, and ensuring that an appropriate risk framework exists prior to the launch of any new product/activity;

– the **Prospect Acceptance Committee**, and the **Client Acceptance Committee**

The risk function shall contribute to:

– to the **Security Committee**

– the **Internal Control Committee** coordinated by Amundi Inspection

### 6.1.3. ORGANIZATION OF CONTROL FUNCTIONS AND ARRANGEMENTS

#### 6.1.3.1. RISK FUNCTION

Within the second line of defense (Level 2), and in accordance with the principle of proportionality, the Risk Department of Fund Channel S.A. ensures the risk management function in a permanent, objective manner, with independence of mind and judgment and with sufficient authority. The Risk Department is headed by a Head of Risk and acts under the responsibility of the Secretary General. He reports to the Chief Risk Officer for the Risk function.

The Fund Channel Head of Risk has a functional hierarchical link with one of the members of the management of the Risk business line of the Amundi Group and therefore ultimately reports to the Amundi Group Chief Risk Officer.

The Fund Channel Risk function is integrated into the Amundi Group Risk business line, made up of specialized teams by area of expertise, grouped together within a dedicated division whose purpose is to ensure the consistency of the approach by nature of risk in a cross-business manner. The main tasks are to define standards and methods for measuring risks, to ensure the production of risk indicators and to provide expertise in the application of these measures on the activities of each subsidiary, including Fund Channel.

Areas of expertise relevant to Fund Channel's business include:

- the implementation and administration of the tool for monitoring regulatory and contractual constraints,
- the supervision of the system for monitoring operational risks, accounting risks and the coordination of permanent control work at consolidated level, and
- steering and implementation of the tools.

The main tasks of the Fund Channel operational risk management system are:

- annual mapping of operational risks in order to identify major risk areas,
- defining and implementing management and escalation procedures,
- the definition of corrective actions,
- the collection of operational incidents,
- monitoring all action plans to reduce risks,
- the calculation of capital requirements,
- implementation of the permanent control system,
- quarterly reporting to General Management and the Amundi Group Risk business line,
- the preparation of an annual Internal Control report on risk management for the General Management and the Board of Directors and sent to the Amundi's Group Risk business line.

Periodic reports are made to the General Management, Board of Directors and Risk business line of the Amundi Group's on the controls carried out by the Risk Department of Fund Channel, through presentations dedicated to the department's activity, which report on:

- the risk management system, its status and changes, and the overall risk situation and trends, main risk limits and their use.

#### 6.1.3.2. COMPLIANCE FUNCTION

Within the second line of defense (Level 2), and in accordance with the principle of proportionality, the Compliance Department of Fund Channel S.A.

fulfills the compliance risk management function in a permanent, objective manner, with independence of mind and judgment, and with sufficient authority. The Compliance Department is headed by a Head of Compliance, also acting as Chief Compliance Officer. The Head of Compliance acts under the responsibility of the Secretary General.

The Fund Channel Chief Compliance Officer has a functional hierarchical link with one of the members of the management of the Compliance business line of the Amundi Group and therefore ultimately reports to the Amundi Group Chief Compliance Officer.

Fund Channel Compliance is integrated into the Amundi Group Compliance business line. It is organized as a centralized function and independent of the operational services. Its organization aims to preserve the independence of Compliance officers of the Amundi Group entities, to ensure the adequacy and proportionality of the resources allocated to the effective management and control of the risk of non-compliance, to ensure the transparency of information.

The main tasks of Fund Channel's Compliance function are:

- dissemination of the compliance culture;
- the definition of the regulatory framework applicable to compliance;
- assistance to managers and employees in the conduct of activities;
- the contribution to the assessment of compliance risks by Fund Channel's business lines and to the performance and monitoring of the corresponding controls;
- representation with Luxembourg regulators and professional associations in connection with other control functions;
- information, and where appropriate alerts, to the General Management, the Board of Directors and the Amundi Group Compliance business line on non-compliance risks,

The main non-compliance risks are grouped by risk level according to the following themes:

- market integrity;
- professional ethics,
- financial security;
- customer protection;
- prevention of fraud and corruption;
- protection of personal data.

Non-compliance risks are identified and assessed annually for each compliance theme in the "non-compliance risk mapping".

The control plan implemented by the Compliance Department is aligned with the non-compliance risks identified in this mapping. It is reviewed and validated periodically by the Compliance Committee.

The Compliance procedures are adapted from the Amundi Group Compliance procedural framework, adapted from Crédit Agricole S.A.'s Corpus of Procedures, and include the specificities of Fund Channel's business lines and Luxembourg regulations. These Compliance procedures are accompanied by a set of Compliance controls common to all entities, ensuring consistent implementation of controls across the entire scope.

The controls carried out by Fund Channel's Compliance Department are reported regularly to the General Management, Board of Directors and Compliance business line of the Amundi Group, through presentations dedicated to the department's activity, which report on:

- the system for monitoring non-compliance risks, its status and any changes;
- the summary of non-compliance risks, any changes, the level of the main indicators.

On an annual basis, the Compliance Department of Fund Channel:

- maps the risks of non-compliance with legislative and regulatory provisions with the aim of identifying areas of major risk and determining the implementation of management procedures and the definition of corrective actions. In the event of a significant risk being

detected, the escalation procedure applies, with General Management and the Board of Directors being informed, if necessary;

- prepares the Annual Compliance Report for the General Management and the Board of Directors, which is sent to the Head of Compliance of the Amundi Group.

This Annual Compliance Report describes the conditions under which Compliance is ensured, key elements and lessons learned from measuring and monitoring compliance risks. This Report also includes the report of the Head of AML/CFT (RC) Compliance Control to the Head of Compliance for professional obligations in AML/CFT matters (RR). In 2023, General Management was kept regularly informed by:

- Compliance dashboards reported to the quarterly Compliance sub-committee, in which the General Management participates and reviews the various exposures, the various risks and any sensitive issues;
- the current update provided by the Compliance Department within the quarterly compliance sub-committee, in which the General Management participates;

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***“COMPLIANCE PROCEDURES (...) INCLUDE THE SPECIFICITIES OF FUND CHANNEL'S BUSINESS LINES AND LUXEMBOURG REGULATIONS.”***

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### 6.1.3.3. SECURITY FUNCTION

In accordance with the authorization given by the CSSF on November 16, 2011, the Fund Channel IT infrastructure is hosted within the Amundi Group.

Since then, the Security Function of Fund Channel is based on the Amundi Group Security business line. It is organized centrally and brings together different areas of expertise responsible for issues of security of persons and property, business continuity, security of information systems or protection of personal data.

Fund Channel's Security function transposes the Amundi Group's policies in compliance with Luxembourg's obligations and monitors their proper implementation.

The activity and controls carried out by the security function are regularly presented to the General Management Fund Channel through the Security Committee organized at least three times a year.

Similarly, the Board of Directors receives a periodic report on the risk management system managed by the security function, as well as a summary of the results of the controls performed.

Within the Amundi Group, the resources dedicated to information systems security (IS) placed under the responsibility of the Chief Information Security Officer (CISO) are separate from the Information Systems Department (DSI), reporting hierarchically and functionally to the division in charge of Operations (OST). The CISO is responsible for defining IT security policy, monitoring its proper execution and also implementing a strategy to anticipate and prevent a breach of the integrity, confidentiality, availability or traceability of the global system. It is also responsible for protecting the IS, and detecting and responding to malicious or anti-policy actions.

The Fund Channel Security function is based on permanent Level 1 and Level 2 controls (including vulnerability scans or regular intrusion tests) and is structured around a monthly operational level committee (IT Security Steering Committee) and the Security Committee, which meets at least three times a year.

Fund Channel's global business continuity system is based on Luxembourg regulations and also relies on the Amundi Group system and Crédit Agricole Group procedures. In particular, the system incorporates disaster scenarios adapted to Fund Channel's own business. Based on the analysis of the criticality of the various business lines, regularly reviewed in order to take into account changes in risks and associated disaster scenarios, the business continuity plan, which includes a "crisis management" component, is designed to meet the needs of a rapid recovery of the business.

The result of the associated control plan is presented to the Security and Risk Committees and the Board of Directors.

#### 6.1.3.4. PERIODIC INSPECTION

Fund Channel's internal audit function, under the responsibility of the Chief Executive Officer, is carried out by Amundi's Inspection Department, which reports hierarchically to Crédit Agricole S.A.'s General Inspection Department. The system is rolled out to all Fund Channel entities.

The Amundi Inspection's periodic control system for Fund Channel relies on Crédit Agricole Group's tools and methodologies, in particular to map auditable objects, plan and conduct audits, monitor the implementation of recommendations issued, and prepare the monitoring report on the activity.

The audit plan is based on the multi-annual audit program resulting from Fund Channel's risk mapping for all its entities. It also takes into account the requests of the General Management and Board of Directors of Fund Channel but also of the Amundi Group and the Inspection business line of Crédit Agricole S.A.. The objective of the multiannual program is to cover the audit scope over a period of up to three years including a follow-up of the recommendations made and an annual review.

In addition, the Amundi Inspection Department conducts six-monthly missions to monitor the implementation of all recommendations, with a quarterly follow-up in the case of major recommendations. All the missions carried out by Amundi Inspection and by the Supervisory Authorities are subject to this formalized monitoring system, which ensures the effective implementation of corrective actions, within the deadlines agreed with Fund Channel's General Management at the end of the mission. If necessary, this system may lead the Head of Amundi Inspection to exercise his duty of warning to the Board of Directors of Fund Channel.

The 2021 three-year audit plan has been completed. The findings of the missions were presented to General Management, the Risk Committee and the Board of Directors, who are also informed of the status of implementation of the recommendations.

Lastly, the approach followed by Amundi's Inspection Department is subject to a process of continuous quality improvement.

#### 6.1.3.5. INTERNAL CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION

##### Roles and responsibilities

Under the authority of the General Management, the Finance Department of Fund Channel is responsible for preparing accounting and financial information. In particular:

- preparing the financial statements in accordance with international accounting standards (IFRS) and in accordance with the accounting rules and principles communicated and defined by the Crédit Agricole Group;
- preparing the financial statements of each of its entities in accordance with local accounting standards;
- preparing the various regulatory, prudential and tax reports in collaboration with the Risk function;
- producing the various management information needed to manage the activity.

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***“THE AUDIT PLAN SHALL BE DRAWN UP ON THE BASIS OF THE MULTI-ANNUAL AUDIT PROGRAM RESULTING FROM FUND CHANNEL'S RISK MAPPING FOR ALL ITS ENTITIES.”***

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##### Permanent control of accounting and financial information

The accounting and financial information control system is based on controls conducted, on the one hand, within the Fund Channel Finance Department and, on the other hand, by the dedicated accounting control unit of the Amundi Group Finance Department, reporting directly to the Group's Chief Financial Officer. This system is supplemented by permanent control carried out and shared between the independent internal control teams of the Risk Department and the Amundi Group Risk Management Department.

The objectives of permanent accounting control are to ensure adequate coverage of major accounting risks,

which may affect the quality of accounting and financial information in terms of:

- compliance of data with legal and regulatory provisions, and with the standards of the Amundi and Crédit Agricole Groups;
- reliability and truthfulness of the data, allowing a true and fair view of the results and financial position of Fund Channel and its entities;
- security of development and processing processes
- data, limiting operational risks, with regard to Fund Channel's commitment to published information;
- prevention of risks of accounting fraud and irregularities.

The permanent control of accounting and financial information is based on the assessment of risks and controls of the accounting processes managed by the operational departments. In particular, the risks monitored by the Risk Department, and in particular those related to off-balance sheet commitments, are reconciled with the accounting system in order to ensure the completeness of the information and the proper valuation in the financial statements.

The Amundi Group's accounting permanent control officer ensures that any corrective actions are implemented to strengthen the accounting permanent control system.

### **Relations with the Statutory Auditors**

In accordance with current professional standards, the Statutory Auditors carry out the due diligence they deem appropriate on the accounting and financial information published:

- audit of the individual and consolidated accounts;
- a comprehensive reading of the published financial reporting materials.

As part of their legal duties, the Statutory Auditors present the conclusions of their work to the Board of Directors of Fund Channel, in which the Amundi Inspection Department participates.

## **6.2. RISK FACTORS AND ARRANGEMENTS PUT IN PLACE**

As a class 2 "Less Significant" investment firm, Fund Channel meets the requirements of IFR/IFD regulation and takes into account at least risk factors related to clients (Risk to Client), risk factors related to the market (Risk to Market), risk factors related to the company (Risk to Firm), liquidity risk and concentration risk.

In view of the expected strong future development of order execution and custody services activities on behalf of its clients, Fund Channel obtained confirmation on 24 November 2022 from the Commission de Surveillance du Secteur Financier that Fund Channel benefits from the transitional exemption to Article 57(3)(a) of the IFR in order to be able to apply, until June 2026, capital requirements equal to twice the capital requirement that would have been applied if Fund Channel had continued to be subject to the capital requirements provided for in the CRR regulation.

### **6.2.1. RISKS RELATED TO CUSTOMERS (RISK TO CUSTOMER - RTC)**

Fund Channel is exposed to counterparty risk in the context of its Fund Execution activity for the execution of subscription/redemption orders for units of investment funds, at the time of the settlement/delivery process.

In the event of default by the sub-distributor client, Fund Channel is liable for the money to the depositary bank.

#### **Risk management**

The approval of the grant or annual renewal of the Fund Execution activity to a sub-distributor client is carried out by the Risk Committee following a credit analysis of the client, its solvency and the operational quality of operation. Minimum operational and contractual conditions (including guarantees and remedies) are also required.

#### **Controls**

Daily monitoring of intraday and D+1 balances, analysis of transactions in progress for the same value date, an escalation process with the client and reconciliations of transactions are implemented.

At December 31, 2023, the sum of the amounts required in respect of risk factors related to the client or "Risk to Client" (RtC) is €2 148 499,79.

### 6.2.2. RISK TO MARKET (RTM)

In its activities as an investment fund distribution platform, Fund Channel does not take a position in the market either on its behalf or on behalf of its clients, nor does it carry out transactions in derivative instruments.

Fund Channel collects trailer fees in the currency of the management company's choice and pays in the currency of the sub-distributor customer's choice. The Company is thus exposed to foreign exchange risk exclusively on its operating margin. This risk is managed through prudent cash and overhead management.

At December 31, 2023, the amounts required for risk factors related to the "Risk to Market" (RtM) market are zero.

### 6.2.3. RISK TO FIRM (RTF)

#### 6.2.3.1. CREDIT OR COUNTERPARTY RISKS

As part of the collection of trailer fees, there are two types of Fund Channel client agreements with its sub-distributor clients: A service provision agreement and a sub-distribution agreement that govern the management of retrocessions.

A clause is inserted into each of the contracts specifying that any failure to pay the fees due by the management companies to Fund Channel in respect of the investments made by the sub-distributor client will make the payment of the fees due by Fund Channel client sub-distributor in respect of said investments non-payable, so that Fund Channel is exposed to a limited credit risk on its creditors, as only the recovered claims give rise to a debt towards clients of Fund Channel distributors.

In this process, Fund Channel is exposed to credit risk exclusively in the context of the trailer fees it offers to its sub-distributor clients. The risk exposure relates to the net advance, i.e. the difference between all the amounts advanced to the client and the commissions already received from the management companies.

### Advance fee process for the transfer of management fees (trailer fees)

In the context of fee advances, counterparty risk takes into account all amounts advanced quarterly (on D+30, D+45 or D+60) to the sub-distributor client and deducted from all fees already received from management companies. A "Claw Back" right is exercised in all cases of advance payments greater than the amounts actually recovered from management companies.

Ultimately, the risk is a credit risk vis-à-vis the sub-distributor client. This is the risk that the sub-distributor client will not fulfill its claw back obligations in the event of an advance exceeding the amounts actually recovered from the management companies.

### Risk management

The approval of the granting or annual renewal of the commission advance to a sub-distributor client is carried out in the Risk Committee following a credit analysis of the client, its solvency, the speed of recovery and the operational quality of the recovery of the management companies. Minimum operational and contractual conditions (including guarantees and remedies) are also required.

### Controls

Monthly monitoring of the net amounts advanced to sub-distributor clients and of the cash risk related to fee advances is implemented.

At December 31, 2023, the net advance was the only component of risk related to the "Risk to Firm" (RtF) company for an amount of €6,056 in respect of the counterparty risk factor "Trading counterparty default" (K-TCD).

### 6.2.4. CONCENTRATION RISK

At December 31, 2023, Fund Channel had approximately 356 management company clients and 96 sub-distributor clients under agreement in 15 countries of the European Union and 6 countries outside the Union. The sub-distributor customers are in 8 countries of the European Union and 3 outside the European Union (Monaco, Switzerland and Singapore). 72% of sub-distributors are French and 7% are from Luxembourg.

Beyond the Amundi Group (shareholder), Fund Channel has no customer concentration exceeding 22% of its total gross income.

In addition to its customers, Fund Channel has chosen its two main service providers within the Crédit Agricole Group.

Fund Channel manages its concentration risk through:

- the continuous search for new customers outside the shareholder group in order to further diversify its business risk;
- prudent management, mainly in terms of overheads, in order to maintain a satisfactory cost/income ratio;
- the implementation of an appropriate subcontracting policy relating to the selection and periodic supervision of service providers, based on the Amundi Group guidelines and Luxembourg regulations.

### 6.3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

Fund Channel faces direct ESG risk at "Corporate" level, and transposes the principles and decisions taken into Amundi Group's ESG and climate strategy committee.

The policy is based on:

- An environmental policy consisting in particular of a recycling and waste limitation policy.
- A diversity policy consisting of making no distinction in recruitment and of equal treatment in recruitment and performance appraisal processes.
- Due to the size of Fund Channel, the number of authorized executives and small size of the management committee, quantitative targets are not applied.
- A governance policy includes ensuring the independence of the board of directors and the presence of an audit committee, transparency in executive compensation and anti-corruption measures.
- A remuneration policy, which is subject to an annual internal audit and according to which risk takers must follow all mandatory training.

As a platform for distributing investment funds and through its position as an intermediary between asset management companies and sub-distributors, Fund Channel processes data and offers an interface to access this data.

The standards and rules on climate, environmental and ESG risks that will make up the value chain of asset management companies and sub-distributors are still being defined by them.

Thus, in the short, medium and long term, Fund Channel's ESG risk is an indirect risk, which resides mainly in its operation and its IT and operational capacity to make available to its sub-distributor clients the ESG data or climate and environmental risk criteria that management companies must incorporate into their investment and asset management process of the funds managed by them.

Indirectly and in the medium term, the risk could also be that some of the clients of management companies and sub-distributors do not integrate climate and environmental risks into their value chain and process as factors of existing risk categories (such as credit, operational, reputational, liquidity risks, etc.) and that this risk is passed on to Fund Channel through reputational risk, for example.

Due to its activity, the risk is considered low and limited at Fund Channel.

### 6.4. SHORT RISK STATEMENT

Fund Channel's risk appetite is defined as the type and aggregate level of risk, by type of risk and by activity, that Fund Channel is prepared to assume as part of its strategic objectives. Fund Channel defines its risk appetite by including the essential aspects of its business: the attractiveness of its commercial offer, the soundness of its financial position and the pursuit of its short- and long-term profitability objectives.

The formalization of Fund Channel's risk appetite helps inform General Management and the Board of Directors in the development of its development trajectory as



well as in its overall strategy for the development of its distribution platform.

It is the result of a coordinated and shared approach between the Finance, Risk, Compliance and Security Departments, which aims in particular to:

- Engage directors and management in reflection and dialog on risk-taking;
- Formalize, standardize and clarify the acceptable level of risk (normative framework) in relation to a given strategy;
- Fully integrate the risk/return dimension into strategic steering and decision-making processes;
- Have leading indicators and alert thresholds enabling management to anticipate deterioration excessive use of strategic indicators and improve resilience by activating action levers in the event of alert levels being reached in relation to the risk appetite standard;
- Improve external communication to third parties, regulators, on the stability of results and risk management.

#### 6.4.1. FORMALIZATION OF THE RISK APPETITE FRAMEWORK

Fund Channel expresses its risk appetite on the basis of key indicators, broken down into three levels of risk:

- Fund Channel's maximum risk capacity is the

maximum amount of risk that can theoretically be assumed given its capital base, liquidity, refinancing and regulatory constraints;

- The risk limit or tolerance corresponds to an exceptional management of a degraded level of risk, i.e. the maximum amount of risk that can be taken given its strategy or regulatory obligations. The limit determines the thresholds to be monitored for exposure or performance risk deviating from the target. If it is exceeded, corrective action is taken at the process level, such as management notification and reporting at the governance level.
- Fund Channel's risk appetite is the overall level of risk that Fund Channel is prepared to accept under normal and routine risk management.

If these thresholds are exceeded, the governance bodies are informed in proportion to the level of risk involved.

Furthermore, while the Fund Channel strategic plan selects most of its risks, certain risks such as operational risks and certain non-compliance risks are essentially incurred, even if the implementation of protection measures and control mechanisms makes it possible to contain the occurrence and possible consequences.

Fund Channel's appetite for any voluntary action that may result in an operational loss or breach of applicable regulations and professional standards is obviously nil.



### 6.4.2. KEY RISK PROFILE INDICATOR AT DECEMBER 31, 2023

In view of Fund Channel S.A.'s activity, the following 8 key indicators were used to express its appetite and risk profile in 2023\*:

- **an overall indicator of risk exposure**
  - » the regulatory capital ratio (RFR), which stood at 299% at December 31, 2023;
- **three credit risk indicators**
  - » the total amount of the quarterly net advance, which amounted to €315,430 at December 31, 2023;
  - » the Coverage ratio, which stood at 3.4% at December 31, 2023;
  - » an internal limit on overdraft value on accounts dedicated to the execution of orders (Fund Execution);
- **two balance sheet liquidity indicators**
  - » liquid assets of €18,948,868 exceed one-third of the requirement based on operating expenses of €1,325,159 at December 31, 2023;
  - » the liquidity coverage ratio (LCR), which stood at 1,429% at December 31, 2023;
  - » the treasury ratio, which stood at 742% at December 31, 2023;
- **a profitability indicator**
  - » the cost of operational risk stood at €29,693 at December 31, 2023;
- **a profitability indicator**
  - » the cost/income ratio, which stood at 77% for 2023, in accounting terms.

For 2023, these various risk indicators remain under control, respecting the appetite and thresholds defined by Fund Channel.

\*Source: ICARA report – completed 2023



## 6.5. CAPITAL ADEQUACY

### 6.5.1. CAPITAL RATIO

#### 6.5.1.1. APPLICABLE REGULATORY FRAMEWORK

Prudential capital is obtained from accounting equity.

In addition, in accordance with the authorization given by the Commission de Surveillance du Secteur Financier on November 24, 2022, Fund Channel benefits from the transitional derogation provided for in Article 57(3) (a) of the IFR allowing it to benefit from the capital requirements equal to twice the capital requirement provided for by the CRR regulation, until June 2026.

Fund Channel S.A. applies IFR reporting and reports capital requirements under both methodologies.

Under the IFR methodology, Fund Channel S.A. must always meet all three of the following conditions:

- Common Equity Tier 1 Capital (CET1) / D > 56%
- Common Equity Tier 1 Capital + Additional Tier 1 Capital / D > 75%
- Common Equity Tier 1 Capital + Additional Tier 1 Capital + Tier 2 Capital / D > 100%

Where

D = the minimum amount of own funds or own funds requirement;

D = Maximum (Minimum Permanent Capital; Total Fixed Overhead N-1; K-factor requirement)

Fund Channel S.A. must meet all three of the following conditions on an ongoing basis under the IFR waiver methodology:

- Common Equity Tier 1 Capital (CET1) / D > 4.5%
- Common Equity Tier 1 Capital + Additional Tier 1 Capital / D > 6%
- Common Equity Tier 1 Capital + Additional Tier 1 Capital + Tier 2 Capital / D > 8%

Where

D = twice the CRR capital requirement.

#### 6.5.1.2. COMPOSITION OF CAPITAL

Fund Channel mainly has Tier 1 (CET1) capital consisting of the share capital and undistributed reserves.

Any breaches and expectations of breaches of regulatory capital requirements must be reported immediately to Management and the CSSF.

Passage of equity to Tier 1 capital	31/12/2023 in €
<b>ACCOUNTING SHAREHOLDERS' EQUITY</b>	<b>18 816 851</b>
Of which Subscribed Capital or endowment capital	2 620 000
<i>O/w Issue premium</i>	0
<i>O/w Revaluation reserve</i>	0
<i>O/w Legal reserve</i>	262 000
<i>O/w Other Reserves</i>	668 049
<i>O/w Results carried forward</i>	15 266 802
<b>(-) DISTRIBUTABLE INCOME</b>	<b>0</b>
<b>(-) PRUDENTIAL FILTERS</b>	<b>-7 530 761</b>
<i>Of which (-) Other intangible assets</i>	-7 464 341
<i>Of which (-) Other deductions</i>	-66 420
<b>REGULATORY CAPITAL</b>	<b>11 286 090</b>

Fund Channel's accounting shareholders' equity, excluding distributable income for the current financial year, amounts to €18,816,851 and mainly consists of Tier 1 capital items, i.e. capital for €2,620,000, carry-forward for €15,266,802 and other reserves for €668,049.

Two deductions from the calculation of fund clean category 1 are carried out. The deduction of €7,530,761 in respect of other intangible assets and the deduction of €66,420 in respect of other deductions for investments in the Swiss subsidiary of Fund Channel. No additional Tier 1 and Tier 2 items are applied.

The amount of regulatory capital therefore amounts to €11.3 million (€11,286,090).

### 6.5.1.3. CAPITAL REQUIREMENT

In accordance with Article 11(1) of IFR Regulation 2019-2033 and Article 24 of Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019, Fund Channel shall have the capital requirement of the higher of:

- One quarter of the previous year's fixed operating expenses calculated in accordance with Article 13 of the IFR Regulation,
- The amount based on the key factors (K-factor) calculated in accordance with Article 15 of the IFR Regulation based on an assessment of the risks vis-à-vis customers, the market and the entity itself,
- The permanent minimum capital, in accordance with Article 14 of the IFR Regulation, which must be at least equal to the levels of initial capital in Article 9 of Directive 2019/2034 set at €150,000.

Fund Channel ensures that it maintains an adequate level of regulatory capital to develop its business.

As such, the capital requirements based on the key factors (K-factor) to which Fund Channel is exposed relate to the risks related on the one hand to the client (RtC) and on the other hand to the company (RtF).

Client-related risks (RtC) are covered by risk factors:

- customer funds held (K-CMH: "Client Money Held"),
- assets under custody and administration (K-ASA: Assets safeguarded and administered)
- Client Orders Handled (K-COH).

They shall be calculated as aggregated moving averages of daily values or average daily volumes.

Fund Channel's Corporate Risk (RtF) is a counterparty default risk (K-TCD "Trading Counterparty Default"). It corresponds to the net advance to which a prudential coefficient is applied.

At December 31, 2023, the sum of the amounts required in respect of the risk factors related to the client or "Risk to Client" (RtC) is €2,148,499.79 and the requirement for the risk related to the company "Risk to Firm" (RtF) is €6,056.25.

Capital requirements based on a quarter of the operating expenses for the previous year amounted to €3.78 million (€3,776,721.59).

Finally, in accordance with Article 11 IFR and the Maximum (permanent minimum capital; total fixed overheads N-1; requirement based on factors K), the capital requirement corresponds to a quarter of the overheads for the year ended 2022 which amount to €3.78 million (€3,776,721.59).

In addition, pursuant to Article 57(3)(a) of the IFR during the transitional period, the capital requirement is equal to twice the capital requirement provided for by Fund Channel's CRR regulation amounts to €5.05 million (€5,046,740.71).

#### 6.5.1.4. CAPITAL RATIOS AT DECEMBER 31, 2023

The capital ratio is 299% with a capital surplus of €7.5 million (€7,509,368.32).

In addition, in application of the capital requirement under the derogation period, the capital ratio is 224% with a capital surplus of €5.05 million (€5,046,740.71).

As of 31 December 2023, Fund Channel has sufficient capital to meet the requirements.

#### 6.6.3. STEERING ECONOMIC CAPITAL

With a view to maintaining adequate capital at all times, Fund Channel supplements the measurement of regulatory capital requirements with an economic measurement and management of its capital, which is based on the ICARA (Internal Risk Assessment Process) implemented at consolidated level with Fund Channel entities.

#### EQUITY FUND CHANNEL S.A.

CET 1 (in €) at 31/12/2023 (IFR)

# 11,286,089.91

#### CAPITAL REQUIREMENT FUND CHANNEL S.A.

(in €) at 31/12/2023 (IFR)

# 3,776,721.59

#### CAPITAL RATIO FUND CHANNEL S.A.

(%) at 31/12/2023 (IFR)

# 299%

	2021	2022		2023	
Fund Channel S.A. (in € million)	IFR	IFR	IFR*	IFR	IFR*
Own funds (CET 1)	13	11	11	11	11
Capital requirement	3	3	5	4	5
<b>CET 1 RATIO</b>	<b>504%</b>	<b>370%</b>	<b>197%</b>	<b>299%</b>	<b>224%</b>
Limit	100%	100%	8%	100%	8%
Capital surplus (in € million)	10	8	5	7.5	5

\*under a transitional derogation as provided for in Article 57(3)(a) of the IFR, the capital requirement is based on the CRR regulation.

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