

Matthews Global Investors (UK) Limited

MIFIDPRU 8 Disclosure

A. Introduction

The UK Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to Matthews Global Investors (UK) Limited (“MGI UK” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

MGI UK is classified under MIFIDPRU as a small and non-interconnected MIFIDPRU investment firm (“SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information regarding its remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm’s culture and to assist stakeholders in making more informed decisions about their relationship with the Firm.

This document has been prepared by MGI UK in accordance with the requirements of MIFIDPRU 8 and is verified by the Firm’s Board of Directors and by the Chief Financial Officer and Head of Human Resources of the Firm’s parent entity. Unless otherwise stated, all figures are as at the Firm’s 31 December financial year-end.

MGI UK has complied with MIFIDPRU 8 in a manner which it believes is appropriate to its size, internal organisation and to the nature, scope and complexity of the activities it undertakes.

B. Remuneration Policy and Practices

1. Overview

As an SNI MIFIDPRU Investment Firm, MGI UK is subject to the basic requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook (“SYSC”). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of the Firm and its clients;
- Ensure alignment between risk and individual reward;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of MGI UK’s remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, MGI UK recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, the Firm’s remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

MGI UK is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of

various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

2. Characteristics of the Firm's Remuneration Policy and Practices

Remuneration at MGI UK is made up of fixed and variable components. The fixed component, i.e. the salary, is set in line with market competitiveness at a level to attract and retain skilled staff and is agreed at the point of hiring the individual in line with prevailing market conditions for the role and specific person in consideration of experience, skill set and educational background.. The variable remuneration, which is a combination of discretionary bonus, long-term incentive plan, various deferred compensation awards, and/or participation in benefit plans, some of which may be deferred for a period of time, is paid on a discretionary basis following an annual performance review/appraisal cycle and takes into consideration the Firm's financial performance as well as the financial performance of each business unit, and the financial and non-financial performance of the individual in contributing to the Firm's success. All staff members are eligible to receive variable remuneration.

The fixed and variable components of remuneration are appropriately balanced: the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of paying no variable remuneration component, which the Firm would do in certain situations, such as where the Firm's profitability performance is constrained, or where there is a risk that the Firm may not be able to meet its capital or liquidity regulatory requirements. The Firm endeavours to attract high calibre staff with market competitive remuneration packages that are in line with the business strategy, size and profile of the Firm (and its peers). However, the Firm will ensure that such packages, and in particular the variable component of the total remuneration, do not result in an unduly sales driven environment that rewards growth at the expense of client outcomes.

In determining the total remuneration, the Firm's Board of Directors and the CEO, CFO and Head of Human Resources of its parent entity (collectively 'Management Body') will consider the overall financial performance of the Firm and of the parent entity as well as both financial (to the extent directly applicable) and non-financial criteria to determine the variable remuneration awarded to employees in all roles across the Firm. The non-financial criteria considered includes, but is not limited to:

- Adherence to the FCA's Conduct Rules;
- Upholding the Firm's values;
- Demonstration of teamwork, work ethic, competence, development, and level of diligence applied to the role;
- Compliance with applicable policies and procedures.

3. Governance and Oversight

Given the size, internal organisation and the nature, scope, and complexity of the activities of the Firm, it does not have its own Remuneration Committee. The responsibility for setting and overseeing the implementation of MGI's remuneration policy and practices lies with the Management Body. In order to fulfil its responsibilities, the Management Body:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.

- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

MGI UK's remuneration policy and practices are reviewed annually by the Management Body.

4. Quantitative Remuneration Disclosure

For the financial year 1 January 2022 to 31 December 2022, the total amount of remuneration awarded to all staff was £1,237,596.99, of which £887,494.36 comprised the fixed component of remuneration, and £350,102.63 comprised the variable component. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, directors, and secondees.