

# Summary of Remuneration Policy Union Bancaire Privée (Europe) S.A.

## 1. Introduction

The Remuneration Policy is established in accordance with European and Luxembourg regulations on remuneration and in accordance with the European Banking Authority guidelines and the related CSSF Circulars.

These include the following provisions:

- The Luxembourg Law of 5th of April 1993 related to the Financial Sector and its following amendments made in 2015 and 2021, mentioned here below:
  - The Luxembourg Law of 23 July 2015 transposing the EU Directive 2013/36/EU of the European Parliament and Council of 26 June 2013 that amends the EU Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, hereinafter referred to as "CRD IV".
  - The Luxembourg Law of 20th of May 2021 transposing the EU Directive 2019/878, hereinafter referred to as "CRD V", which amends the Luxembourg Law of 5th of April 1993.
- Circular CSSF 22/797 of 31st of January 2022 adopting the Guidelines of the European Banking Authority on sound remuneration policies (EBA/GL/2021/04) ("EBA Guidelines") of July 2<sup>nd</sup>, 2021.
- Circular CSSF 15/622 issued on 21 October 2015 concerning the notification procedure of a higher ratio applicable to the remuneration policy pursuant to Article 94, paragraph 1, point g) (ii) of the CRD IV Directive following its transposition into Luxembourg law by Article 19, 7<sup>o</sup>, point g) of the law of 23 July 2015.
- Commission Delegated Regulation (EU) No 923/2021 of 25<sup>th</sup> of March 2021 complementing the Directive 2013/36/EU of the European Parliament and Council with technical regulatory standards as regards appropriate qualitative and quantitative criteria for identifying the categories of staff whose professional activities have a significant impact on an institution's risk profile.
- Regulation (EU) No 575/2013, Article 450, of the European Parliament and Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.
- Regulation (EU) No 219/876 of the European Parliament and Council of 20th of Mai 2019 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 575/2013 and No 648/2012.

## 2. Goal

This Remuneration Policy incorporates not only the European and Luxembourg applicable regulations to remuneration but also the general principles of the Remuneration Policies of Union Bancaire Privée, UBP SA (hereinafter referred to as "the Group") applicable to all Group banking entities subject to CRD V (hereinafter referred to as "the Group's Remuneration Policies").

The Remuneration Policy promotes sound and effective risk management and does not encourage excessive risk-taking that would be in contradiction with the level of risk tolerated by Union Bancaire Privée (Europe) S.A. (hereinafter referred to as "the Bank").



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The Remuneration Policy is in line with the objectives and interests of the Bank and its clients in order to avoid any conflict of interest.

This Policy serves several purposes:

- It defines the rules for fixed and variable remuneration by applying the principles contained in the Luxembourg Law of July 23<sup>rd</sup>, 2015, and its amendments dated on May 20<sup>th</sup>, 2021.
- It requires that, when setting variable remuneration, the combination of individual performance evaluation, the results of the business unit concerned, and the Bank's and the Group's results will be considered. The evaluation of individual performance is more particularly based on quantitative (financial) and qualitative (non-financial) criteria.
- It provides for a structured remuneration system.
- It is oriented towards a long-term vision.

The policy is entirely gender neutral. The Bank applies the principle of equal opportunities in terms of career development and salary progression. Periodic salary reviews will be carried out (at least every 3 years) to ensure gender pay equity.

### 3. Scope

This Policy applies to Union Bancaire Privée (Europe) S.A. and its branches, included under the name "**the Bank**".

This Policy applies to all employees of the Bank, including employees of its branches. The identified staff as material risk takers of the Bank and its branch are listed in Appendix 1.

## 4. Principles

### 4.1 Orientation of the Remuneration Policy

This Remuneration Policy aims to align remuneration with sound risk management. The remuneration system implemented is in line with the strategic objectives of the Bank and the Group. It consists of a balance between fixed and variable remuneration.

The remuneration policy is oriented towards the long term.

The performance of the Bank's employees is assessed by combining the evaluation of the individual performance of the employee and the business unit concerned with the Bank's results and the overall results of the UBP Group. Evaluation of individual performance takes into account both financial (quantitative) and non-financial (qualitative) criteria.



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In the interests of independence, employees in independent control functions are evaluated in relation to the achievement of the objectives associated with their functions, independently of the performance of the operational sectors controlled.

The Bank does not implement objectives that could create a conflict of interest with the Bank's clients, such as income generation objectives for discretionary management professionals.

#### 4.2 Impact of Sustainable finance regulation on remuneration

UBP recognises the existence of sustainability risks and opportunities, which include but are not limited to, climate change, biodiversity, governance, or health and safety.

The objective of the sustainable finance regulation is to have more transparency on the remuneration policies of Financial Market participants and Financial Advisers, with respect to their investment advice.

The structure of our remuneration does not encourage excessive risk-taking with respect to sustainability risks and is linked to risk-adjusted performance.

In this respect, we must have more transparency, in qualitative or quantitative terms, of these actors promotes sound and effective risk management with respect of sustainability risks.

To ensure that these risks and opportunities are taken into account by all our business lines, UBP's Executive Committee has set a series of sustainability KPIs, which aim to promote responsible investment and corporate social responsibility. The remuneration of Exco members is dependent, among other factors, on the achievement of these KPIs.

In addition, all our investment professionals, investment advisors and institutional salespersons have to comply with a "sustainability" objective: to increasingly integrate sustainability into their business activities. This includes for instance the respect of UBP Responsible Investment policy, the gradual improvement of managed portfolios' ESG characteristics, the promotion of sustainable solutions to our institutional clients, or the inclusion of sustainability considerations into future product development.

The completion of this objective is taken into account annually in the determination of this staff's variable remuneration.

#### 4.3 Relationship with risk-taking

The Remuneration Policy is in line with the level of strategic and operational responsibility of the persons concerned.

It tends to avoid indiscriminate risk-taking by the persons concerned, with the sole aim of generating greater immediate variable remuneration.

As far as business development managers are concerned, excessive risk-taking is thus avoided by setting up qualitative objectives and limiting quantitative references to parameters whose decision making is not the sole responsibility of the person being evaluated.



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#### 4.4 Determination of the fixed part

The total remuneration of the Bank's employees consists of a fixed and a variable component.

The fixed part of the remuneration of each employee, at the time of hiring and successively, is determined on the basis of the following criteria:

- The characteristics of the position held, and the responsibilities related to it. With regard to those responsible for the independent control functions, it aims to enable the hiring of quality people who adequately meet the needs of the Bank and the functions concerned.
- The professional experience and competence of the employee and the evolution of these.  
The situation of the labour market and competition.

The fixed remuneration of all employees considers the level of their correspondent responsibilities, both internally and externally.

Human Resources Department conducts salary surveys on an ad hoc basis at the national and international level, depending on the Bank's different sectors. The Bank's general policy is to attract quality staff through remuneration in the second quartile of the said surveys.

#### 4.5 Payment and determination of the variable part of the remuneration

The variable part of the remuneration consists of a non-contractual and discretionary bonus that reflects sustainable and risk-adjusted performance.

- The variable part is not an acquired right for subsequent years and does not give rise to any rights or expectation of any similar payment in future years. The calculation of the components takes into account the Bank's current and future risks and liquidity requirements.
- The Bank will ensure that variable remuneration will not be paid through instruments or methods that allow the legal obligations to be circumvented.
- The variable part of the remuneration of the employees concerned depends on the evaluation of the individual's performance evaluation, the department to which he or she is attached and the Bank's and the Group's results, while taking into account the future potential of the individual and his or her department.
- Performance is assessed annually, however, assessments of previous years' performance may be taken into account in the event of negative performance. In this way, the Bank ensures that the assessment focuses on long-term, risk-adjusted performance.
- The allocation of the variable components of remuneration within the Bank takes into account current and future risks.



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#### 4.6 Performance evaluation

Each employee has an annual individual appraisal interview, which will serve as the basis for determining the variable portion of remuneration. In determining individual performance, the Bank takes into account both quantitative and qualitative criteria:

For personnel identified as material risk takers, the amount of variable remuneration is established taking into account the evaluation of their individual performance evaluation (qualitative and quantitative criteria above), the performance of their business unit, the Bank's performance and the Group's global results. Individual performance must be sustainable, and risk adjusted.

#### 4.7 Evaluation and remuneration of control functions

Employees in independent control functions are evaluated in relation to the achievement of the objectives associated with their functions, independently of the performance of the operational areas controlled.

Members in this category have their objectives set by the heads of the corresponding Group functions in collaboration with their line manager. Their remuneration is directly supervised by the Bank's Board of Directors, based on the recommendations issued by the Group's Remuneration Committee.

### 5. Control

The implementation of this Policy is subject to an independent annual review by the Internal Audit function, based on the applicable remuneration requirements in Luxembourg. The results are then made available to the Bank's Board of Directors.



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## 6. Appendix 1: List of the material risk takers

### **Union Bancaire Privée (Europe) S.A.**

		Qualitative Criteria	Quantitative Criteria
Board of Directors (*)	<ul style="list-style-type: none"> <li>• Four directors</li> </ul>	Yes	N/A**
General Management	<ul style="list-style-type: none"> <li>• CEO</li> <li>• COO</li> <li>• Head of Legal</li> <li>• Head of WM Luxembourg</li> </ul>	Yes Yes Yes Yes	No No No No
Control functions	<ul style="list-style-type: none"> <li>• CRO</li> <li>• CCO</li> <li>• Internal Auditor</li> </ul>	Yes Yes Yes	No No No
Other material risk takers (Important Operational Units)	<ul style="list-style-type: none"> <li>• Head of Treasury Luxembourg</li> <li>• Head of WM Sweden</li> <li>• Head of Investment Management</li> <li>• Head of Finance</li> <li>• Head of HR</li> <li>• Head of Information Systems</li> </ul>	Yes Yes Yes Yes Yes Yes	No No No No No No

(\*) Directors only receive fixed annual emoluments that are not linked to the Bank's results.

(\*\*) Fixed remuneration

### **Union Bancaire Privée (Europe) S.A., Milan & Lisbon branches**

		Qualitative Criteria	Quantitative Criteria
General Management	<ul style="list-style-type: none"> <li>• Head of Milan Site (1)</li> <li>• Head of Lisbon Site (2)</li> </ul>	Yes Yes	No No
Control Function	<ul style="list-style-type: none"> <li>• Head of Compliance Lisbon</li> </ul>	Yes	No