

Compensation Regulations

Level 1 policy

Risk Taxonomy

Regulatory Compliance

Purpose

- This policy contains the principles of the compensation system of Vontobel Holding AG according to applicable Swiss law and regulations
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Scope of application

Client Units AM DI WM
Centers of Excellence / Additional Units FR HR IN LC MA SST TS CD IA IR
Legal Entities BVED BVT FPDE VAMAG VAMAP VAMAUS VAMPL
 VAMSA VAMUK VAMUS VFP Dubai VFSAG VonBet
 VonSec Vontobel SFA VPL VSWA VTL VT24SpA
 VWML VWM SIM 24AM 24AM LLC 24AM LP

General information

Level 1 Policy Owner BoD

Level 1 policy number 940

References

Languages EN

Signing Authority VT Holding BoD

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1. Introduction

The Compensation Policy of Vontobel Holding AG, approved on 28.06.2022 by BoD, aims to describe the main compensation principles considered at Vontobel. It includes information on the compensation structure, Vontobel’s philosophy and values as well as the governance and control structure in place for the adoption and implementation of the compensation system.

The Compensation Policy describes the key elements of the fixed and variable components of Vontobel’s compensation system and elaborates on the link between the compensation system and the business strategy, the defined objectives, values and long-term interests, also including Environmental, Social and Governance (ESG) risks and goals of Vontobel.

2. Applicable Regulations and Principles

Vontobel is committed to permanently and absolutely comply with regulatory requirements in all regions and markets it operates. Due to the variety of countries in which Vontobel is represented, various laws and regulatory frameworks governing compensation need to be taken into account. For instance, Vontobel follows the AIFMD, UCITS, CRD V, MiFID and SFDR regulations in the EU (especially article 5 - Transparency of remuneration policies in relation to the integration of sustainability risks) and the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations.

Vontobel’s compensation system aims to align with the principles stated in FINMA Circular 2010/1 on compensation practices. Therefore, Vontobel follows the defined key principles on the compensation structure:

Guideline Principles from FINMA Circular 2010/1 on compensation practices	Referenced in policy content
Principle 1: The design and implementation of the remuneration policy as well as the issuance of the rules relating thereto lies with the BoD.	The implementation of the principle is set out in the <i>Governance and Controls</i> section (6).
Principle 2: The remuneration scheme is simple, transparent, enforceable, and oriented towards the long term.	This principle is reflected in the entire Compensation Policy.
Principle 3: The company’s independent control functions and experts are involved in designing and applying the remuneration scheme.	This principle is set out in the <i>Governance and Controls</i> section (6).
Principle 4: The structure and level of total remuneration is aligned with the company’s risk policies and designed in such a way to enhance risk awareness	This principle is set out in the <i>Philosophy and Values</i> section (5) and reflected in the entire Compensation Policy.
Principle 5: The variable remuneration is funded through the long-term economic performance of the company.	This principle is referenced in the section <i>Philosophy and Values</i> (5). Further details on metrics used for the bonus pools are set out in the section <i>Compensation System</i> (7).
Principle 6: The variable remuneration is granted according to sustainable criteria.	This principle is referenced in the section <i>Philosophy and Values</i> (5). Further details on metrics used for the bonus pools are set out in the section <i>Compensation System</i> (7).
Principle 7: Deferrals link the remuneration with the future development of performance and risk.	This principle is referenced in the <i>Compensation System</i> section (7) through the description of the deferral described in relation to bonus awards and LTIP awards.
Principle 8: Control functions should be remunerated in a way that avoids conflicts of interest.	This principle is referenced in the section <i>Compensation System</i> (7).
Principle 9: The BoD shall report annually on the implementation of the remuneration policy.	The implementation of this principle is described in the section <i>Governance and Controls</i> (6).

Figure 1: Guideline Principles

It lies within the BoD’s responsibility to ensure that Vontobel’s principle of always complying with all applicable regulations and even exceeding the minimum requirements in key territories is observed. In addition, the BoD is responsible for ensuring that the compensation system and level of pay do not expose Vontobel to an intolerable level of risk, including financial, reputational and ESG risks.

The individual nature of the regulations that apply to Vontobel entities means that local policies may apply within the scope of this global policy and that these local policies may need to be amended whenever the regulatory landscape changes. Local entities shall consider ESG risk and objectives in their local policies in alignment with the global ESG and Risk framework.

Vontobel does not tolerate any form of discrimination, in particular discrimination based on ethnicity, nationality, gender, sexual orientation, religion, age, marital or family status, disability – or any other status that is protected by local law. All employment-related decisions, including decisions regarding compensation, are based on an individual’s qualifications, performance and behavior, or other legitimate business considerations (i.e. profitability of Vontobel, Area and Departments of the individual, and strategic needs of Vontobel).

This Compensation Policy applies to all employees to the extent, that it does not contradict local laws and regulations.

3. Definitions

Following definitions are used in this Compensation Policy:

TERM	DEFINITION
BoD	Board of Directors of Vontobel Holding AG
Compensation Policy	This Compensation Policy of Vontobel Holding AG in its latest version
EXCO	Executive Committee
EB	Global Executive Board
NCC	Nomination and Compensation Committee
Vontobel	Vontobel Holding AG with all its current and future subsidiaries

4. Overview of Content

The Compensation Policy provides information on the following compensation aspects:

- *Philosophy & Values:* Vontobel’s philosophy and values emphasize the importance of ownership, foresight and tenacity.
- *Governance & Controls:* Clearly defined roles and responsibilities build the basis of the governance system.
- *Compensation System:* The overall compensation includes base salary and other pay such as fringe benefits as well as variable components. With the combination of an adequate base salary and attractive additional compensation, Vontobel aims to provide its employees with a stable income and a sense of security as well as to foster motivation and strategy orientation.

5. Philosophy and values

5.1 Vontobel’s philosophy and the link to the Compensation Policy

Vontobel is a globally operating financial expert with Swiss roots. Vontobel stands for long-term and sustainable commitment towards the employees and shareholders. Vontobel attaches great importance to a clear definition and communication of the philosophy it follows. The philosophy of Vontobel aims to promote a performance-oriented culture, foster teamwork, and to take a prudent approach to risk. Furthermore, ESG risks and goals are assessed, monitored and reviewed by Vontobel’s Risk and ESG Committees on a regular basis to ensure sustainable long-term growth. The consideration and alignment of ESG risks and goals within Vontobel’s Compensation Policy suits the purpose to embed ESG principles in Vontobel’s corporate values. Vontobel encourages entrepreneurial spirit and empowers employees to take ownership of their work and bring opportunities to life. Vontobel appeals to each individual to express their independent perspective, regardless of the consensus view.

Vontobel follows the principle of every individual playing a significant part in creating the Vontobel experience. This Compensation Policy aims to give all employees of Vontobel an understanding of the reward principles, structures, and processes. The Compensation Policy outlines the link between the compensation system and the business strategy on a global level. A crucial part of the strategy is a fair employee compensation that is compliant with the regulatory requirements in Vontobel’s operative markets. Local practices therefore may differ from this framework to ensure compliance and competitiveness on a local level.

5.2 The link of the corporate values to the compensation system

Vontobel’s purpose is to deliver the edge, driven by the power of possibility and enabled by taking ownership of each individual client experience. The core values operate as guidance to achieve this purpose and vision:

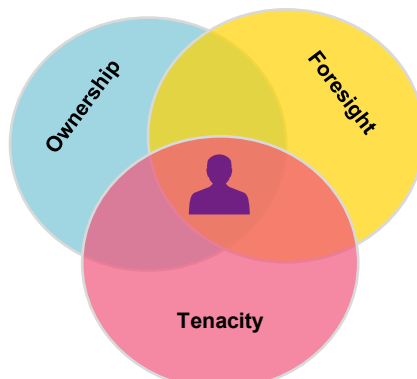


Figure 2: Core values

Ownership

Vontobel stands for empowerment and personal responsibility, driven by an ownership mind-set.

The compensation framework places significant emphasis on ownership through performance assessment criteria that seek to reward behavior consistent with an ownership mindset. A further key element of the compensation framework is share ownership.

Foresight

Vontobel embraces independent thinking to capitalize upon the future. Creativity is promoted to develop insights that translate into opportunities which make a difference.

The employees are encouraged considering the long-term impact of their decisions and the sustainability of the results generated. Variable awards are determined based on long-term metrics. The focus on share ownership supports this vision.

Tenacity

Vontobel's determination to deliver services on a high-quality level and to provide their employees with a supportive work environment requires a constant reflection on processes and readjustment to keep up with a changing world. Vontobel with all its employees is determined to overcome hurdles in order to ultimately support clients by going the extra mile. Continued improvement and the assessment of new ways to work smarter are implemented in the daily work.

Non-financial performance assessment criteria encourage this mindset.

Vontobel is determined to deliver the edge by designing the services client-centric, investment-led, technology-enabled as well as powered by people by applying the following competencies:

- Closeness to clients
- Specialists
- Fast-moving
- Creating opportunities

The leaders should inspire and engage, encourage, and lead by empowerment to foster individual responsibility.

The aim is to deliver best-fit solutions in an end-to-end client mindset while pushing forward as partners in one collaborative tech and data driven investment firm. This way, the expertise from all fields of the core competencies shall combined to deliver on the shared goals.

5.3 Link between Vontobel's Strategy and the Compensation System

Vontobel's philosophy includes the principle that every employee should be rewarded for his/her commitment and contribution. The compensation principles create a link between the broader Vontobel strategy and each individual's total reward package.

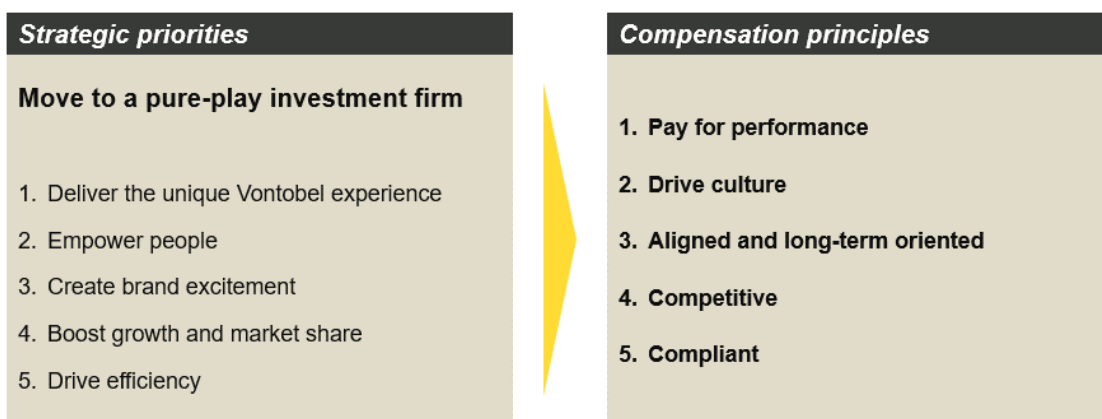


Figure 3: Strategic priorities

1. **Pay for performance:** A comprehensible overall compensation system that rewards contributions.
2. **Drive culture:** Promotion of an ownership mind-set and courage. Foster of performance- and team-oriented culture.
3. **Aligned and long-term oriented:** Taking into account the long-term interests of the clients, employees, shareholders and the firm while following a prudent approach to risk.
4. **Competitive:** Offer competitive compensation to attract and retain talent.

- 5. **Compliant:** Commitment to comply with legal and regulatory requirements as well as with internal rules and agreements. Promotion of risk-consciousness and prevention of conflicts of interest as well as ESG risks and goals as an integrated part of Vontobel’s Compensation Policy. Furthermore, the remuneration system takes into account the risks persons take or are responsible for.

5.4 Pay for Performance Principles

The principle of “pay for performance” lies at the heart of Vontobel’s total compensation system. Excellent employee performance and contributions to the long-term success of Vontobel should be rewarded accordingly. The compensation system is designed to motivate employees at all levels and is geared toward incentivizing future performance while not inducing excessive risk-taking.

The pay for performance principles are:

- 1. Ensuring a strong correlation of the total compensation with the annual performance of the business and of the individual.
- 2. The performance depends on various factors and is therefore variable which should be reflected in the compensation system through variable components.
- 3. Incentivizing the right behavior and reward of employees who live the Vontobel Experience.
- 4. Strategic investments are crucial to ensure retention, meet business objectives or access new markets.
- 5. In case of termination, there are no bonus payments. In case of misconduct, malus and claw-backs can be applied.

5.5 Foster the Individual Development

Next to compensation and benefits, every individual is offered opportunities for the personal growth and development following the goal to foster a culture where opportunities form an integral part of the employees’ total compensation package.

The key role of line managers and managers lies in the inspiring of every employee to live the Vontobel Experience and to progress in the career. They act as mentors and provide support and guidance. Each individual is important to make the Vontobel values come to life in the day-to-day business.

For each performance cycle, the individual defines objectives, that are aligned with the Vontobel Experience. These objectives define that person’s contribution to the development of performance. It is set out what each individual can contribute and how they can achieve progress. Additionally, an individual development plan is used to define development measures.

Ongoing reviews based on regular feedbacks are carried out to ensure constant performance development. The annual review summarizes the feedback from the ongoing reviews.

6. Governance and Controls

6.1 Link of the corporate values to the compensation system

Vontobel is committed to managing its business according to a responsible, values-based approach that includes appropriate controls. An adequate governance is considered a vital success factor and an essential prerequisite for the achievement of strategic corporate goals as well as the creation of lasting value for shareholders, stakeholders and employees.

The key elements of the compensation governance are:

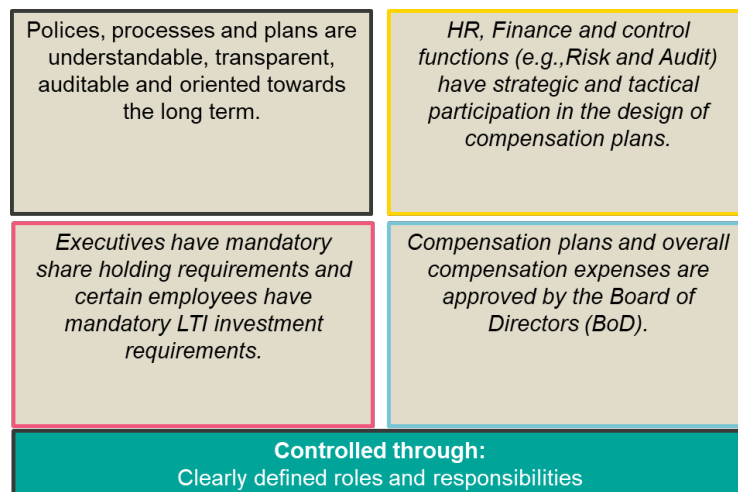


Figure 4: Key elements of the compensation governance

6.2 Responsibility for Vontobel's compensation system

The governance roles as well as the responsibilities are clearly defined and shared across the organization to follow the FINMA principles stated in section 2.

The following roles are crucial for the well-functioning of the compensation system:

1. **Shareholders:** The General Meeting of the shareholders votes on the total compensation awarded to the BoD and the EXCO. The General Meeting further elects the members of the BoD, the NCC respectively.
2. **External auditors:** The external auditors review the financial statements, including compensation-related figures that are disclosed in the annual report.
3. **BoD:** The BoD delegates selected tasks to the NCC, oversees all compensation related matters and has the discretion to the final decision. The definite responsibility regarding the Compensation Policy and its implementation lies within the BoD, with possible delegations of tasks to the NCC. Furthermore, the BoD approves the compensation of senior management and the heads of the control functions. It ensures that an impartial body reviews whether the design and implementation of the compensation system compliant with the Compensation Policy and the requirements of the FINMA circular and informs itself regularly on the operational implementation of the compensation system and how it is developing within the firm. It is also the BoD's responsibility to prepare the compensation report which explains the implementation of the Compensation Policy and mandatory content according to Swiss law.
4. **NCC:** The NCC oversees Vontobel's entire total compensation system. Each December, the NCC proposes the annual bonus pool depending on the relevant market to the BoD and maintains an ongoing dialogue regarding the total compensation offering with managers throughout the year.
5. **EXCO/EB:** The CEO provides the NCC with a proposal regarding the compensation of the EXCO and EB on an annual basis.
6. **HR, Finance and control functions:** Human Resources, Finance, Controlling, Risk & Compliance, Internal Audit, and other control functions are involved in the oversight, design and allocation of employee incentives. The units responsible for Vontobel's risk control undertake and monitor the relevant risk assessment relating to risks a person takes or is responsible for and which needs to be taken into account for the remuneration.
7. **Heads of areas & business units:** The management of each area and business unit has a say in the total compensation package of the individual employees, including the allocation of variable compensation. Ongoing reviews and annual overall assessments are carried out according to sustainable and justifiable criteria that reflect Vontobel's business and risk policies.
8. **Line managers:** Line managers provide support and guidance and communicate decisions to employees. Managers with responsibility for compensation matters play an integral role in salary discussions and propose bonuses according to sustainable and justifiable criteria that reflect Vontobel's business and risk policies.
9. **Individual employees:** Each employee is responsible, together with his/her line manager, for the own goal setting and the alignment with the Vontobel experience. The individual collects regular feedback and engages in an ongoing dialogue about individual development.
10. Finally, the role of **Internal Audit** lies in the contribution to the integrity of the entire process as well as to ensure comprehensiveness and adaption to the scale, complexity and risk profile of Vontobel. One of the goals of the Internal Audit is ensuring that the compensation system does not define incentives that could lead to conflicts of interest. To avoid such conflicts of interest, the Internal Audit therefore acts completely independently and reports directly to the BoD or its committees.

The following figure illustrates the responsibilities within Vontobel's compensation system:

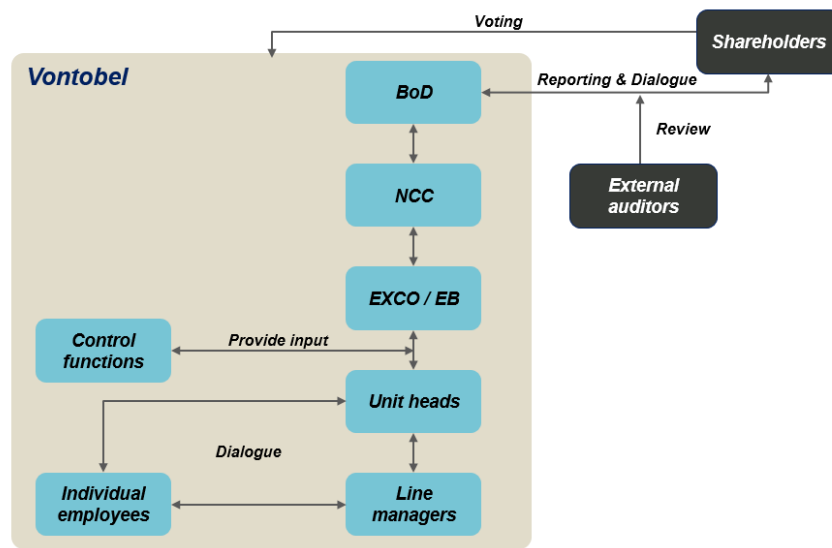


Figure 5: Responsibilities within Vontobel's compensation system

7. Compensation System

Vontobel is committed to providing each employee with a fair, competitive and future-oriented total compensation package that is tailored to the role of the individual. The overall level of pay is in line with market practice and is linked to Vontobel's operational profitability.

The structure of the employee compensation at Vontobel is divided into fixed and variable components as well as fringe benefits. The exact structure of the individual compensation system for each employee depends on the employee's function and location.

The key components of the compensation are:

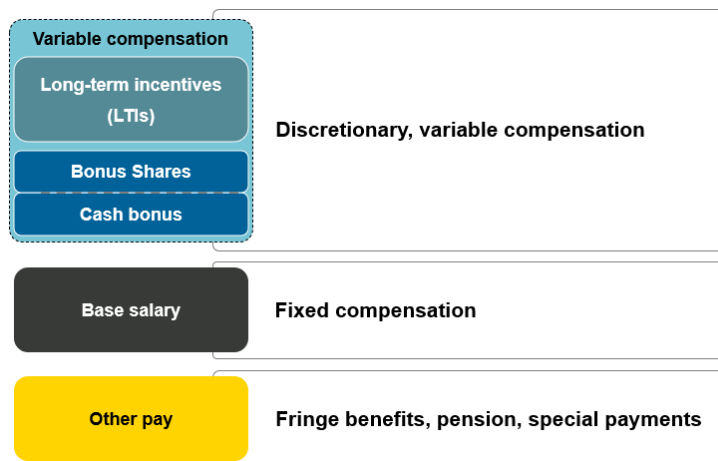


Figure 6: Compensation components

This Compensation Policy includes the principles of the compensation components being applicable to all employees. Further details on each element are included in a separate brochures and plan rules.

7.1 Base Salary

The fixed base salary is the foundation of each individual's total compensation package. The base salary shall provide a solid fixed income that is in line with market practice.

The standard base pay for each individual is solely dependent on the role, responsibilities and impact of the function as well as the individual's demonstrated professional skills, capabilities and experience. Benchmarks are carried out by external service providers on a regular basis to ensure that the base pay for each role is in line with market comparators. In general, there are no annual increases of the base salary, e.g. for exceptional employee performance, unless there are changes in the role within Vontobel. Proposals to change an individual's base salary are reviewed by the management. The base salary of each employee is defined in the employment contract and is paid in cash on a regular (usually monthly) basis.

7.2 Other pay – Fringe Benefits, Pension, Special payments

The fringe benefits potentially available to employees may vary based on the employee's location. These benefits may include supplementary pension schemes with local pension providers, luncheon vouchers, favorable conditions for dealing in Vontobel funds, additional holidays, mobile phone or telephone expenses, representation fees, etc. The local benefits arrangements are outlined in the respective local documentations.

Vontobel might offer additional, purpose-bound compensation, e.g. in case of significant changes to an individual's function throughout the year. Each benefit falling in the "other pay" section is subject to the review and approval of the senior management. In addition, the compensation package for certain functions (e.g. control functions) may differ due to regulatory requirements.

7.3 Variable Compensation

The variable compensation serves the purpose of motivating employees to strive for exceptional long-term performance. The variable component is split into a short-term cash bonus whereas a portion may be subject to deferral in form of Bonus Shares and long-term incentives (LTIs).

The variable compensation is based on Vontobel's performance, the performance in the relevant business unit's share as well as the individual performance.

Various key objectives are linked to the variable compensation:

- Attract and retain highest-quality talent
- Promote Vontobel's values
- Create alignment
- Reflect ESG risks and goals
- Ensure compliance with external regulations
- Secure affordability and long-term performance for Vontobel

7.3.1 Bonus

Employees who deliver outstanding results contribute significantly to Vontobel's success and should be rewarded according to Vontobel's philosophy. The bonus is a short-term award that serves this purpose as it rewards employees for the contributions they made during the respective business year. The bonus is generally paid out in the first quarter of the year on a retrospective basis for the previous year.

For employees who participate in LTI plans (as described in 7.3.3), a portion of the bonus is deferred by investing a defined amount of the bonus in Vontobel shares (i.e., Bonus Shares). The investment of the bonus into Bonus Shares is a crucial element of Vontobel's ownership mind-set.

To avoid any real or perceived conflicts of interest, short-term incentives for employees working in control functions are not calculated based on financial metrics only but rather are based on specific non-financial KPIs.

7.3.2 Bonus - Funding and Allocation of Annual Bonus Pool

Each individual's bonus depends on the size of the annual bonus pool, which is determined based on Vontobel's financial performance and other performance indicators. The following picture illustrates the process for the area bonus pool determination:

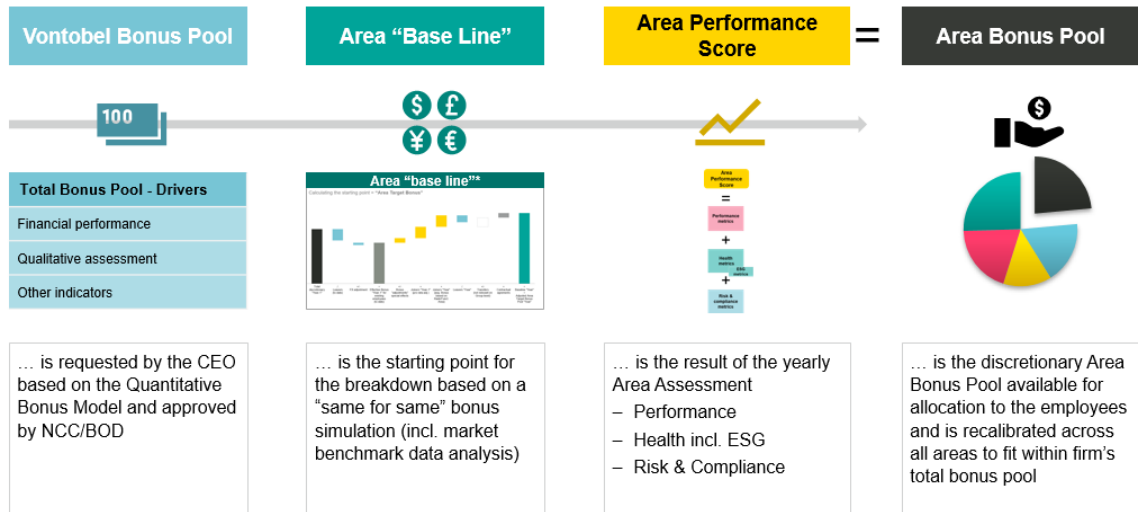


Figure 7: Process Area Bonus Pool determination

The NCC carries out a comprehensive review of the pool which is in accordance with Vontobel's business strategy and risk policies with subsequent submission to the BoD for approval.

After the approval by the BoD, the CEO divides the pool between the areas and the heads of the respective areas for the distribution of the sub-pools.

Annual bonus pool - criteria for funding on NCC-level (approved by BoD):

- Quantitative assessment and financial performance, e.g., group net profit, key figures
- Qualitative assessment and evaluation by management, e.g., conduct, compliance, risk
- Other performance indicators, e.g., peer group performance, headcount

Annual bonus pool breakdown to areas

Upon determination of the annual bonus pool, a same for same bonus simulation incl. market benchmark analysis is performed for the initial breakdown. Such initial breakdown will be adjusted based on the applicable area performance score which results from the yearly area assessment. The area performance score is based on the following indicators:

Performance "what has been achieved"

- Measures achievement towards specific KPIs (e.g., revenue growth yoy, net new money, direct costs, achievements of key projects)
- Apply cap / floor to limit variability

Health incl. ESG "does it contribute to the long-term development of Vontobel"

- Measures contribution against strategy / business plan (Lighthouse) using the predefined key figures (quantitative, qualitative and ESG KPIs)

Risk & Compliance "how has it been achieved"

- Measures key risk metrics
- Compliance: one page assessment per area (general feedback from compliance and other 2nd line functions)
- Risk: quantitative and qualitative risk-taking behavior

Based on the area performance score, the area bonus pool is distributed by the CEO to the Areas and further allocated by the area heads to the units. The following picture shows the area performance score:

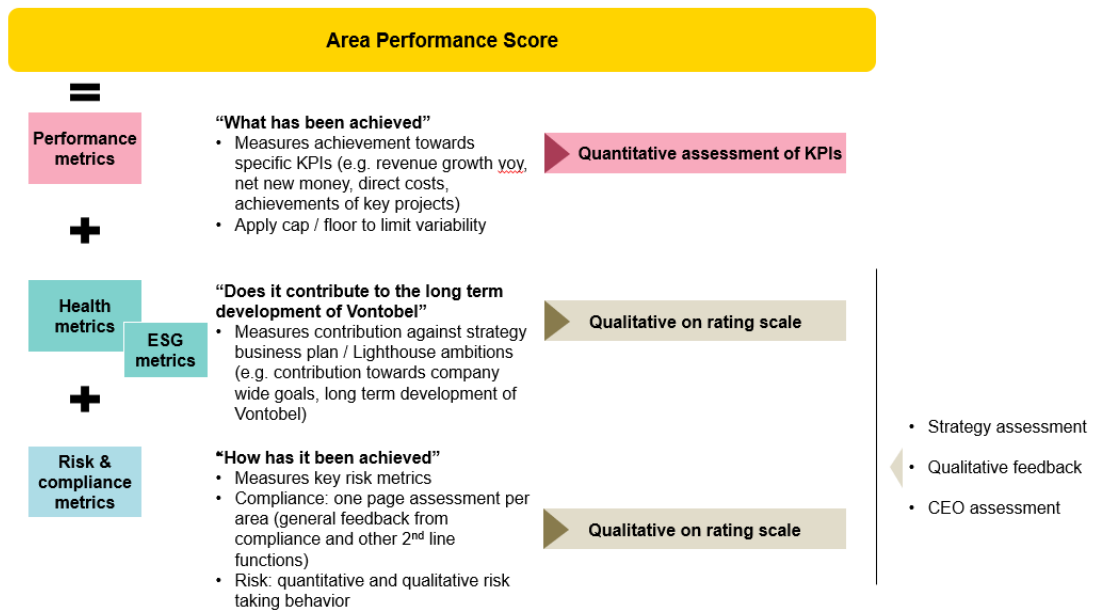


Figure 8: Area Performance Score

Allocation of individual bonus

Within the client units and the centers of excellence, an individual’s discretionary variable bonus is also determined using quantitative and qualitative assessment criteria’s that are relevant to the individual’s respective function. The quantitative components include the respective current profitability of Vontobel as well as the profitability and growth achieved by the client unit / center of excellence. In addition, the bonus amount depends to a significant extent on the employee’s actions over the course of the year; responsible conduct is of particular importance in this regard. The bonus is reviewed annually and is usually paid in the first quarter of each year. The bonus is determined each year by the merit managers and is subject to approval by the Executive Committee.

7.3.3 Long-Term Incentives (LTIs)

Since each employee is crucial to Vontobel’s overall success, Vontobel considers that each individual should participate in Vontobel’s long-term value creation. The implemented LTIs therefore encourages ownership, foresight, and tenacity as well as motivates each employee to deliver the edge. The main components that form a part of Vontobel’s LTIs are Bonus Shares and Performance Shares.

Bonus Shares promote ownership: Employees who receive a cash bonus can choose whether they want to invest 25% of their cash bonus in Bonus Shares. Participation is therefore voluntary except in the case of certain key employees who are subject to a mandatory investment requirement (e.g. management, high-risk functions, cash bonus above threshold).

Employees receive the Bonus Shares at a discounted price of 80% of the relevant market price. The ownership of the Bonus Shares is immediately transferred to the individual. Bonus Shares are subject to a three-year blocking period. During this period, the individual is not allowed to sell, pledge or transfer the share in any other way. As of the date of allocation of the Bonus Shares, the individuals are entitled to dividend payments.

Performance Shares incentivize future performance: With the allocation of Bonus Shares, employees also receive a prospective entitlement to Performance Shares which will be settled after a period of three years. The actual number of Performance Shares to be allocated after the three-year period depends on the performance of Vontobel over a period of three financial years. The Performance Shares are transferred free of charge without any sales restrictions.

The number of Performance Shares to be allocated depends on Vontobel’s average return on equity (ROE) and average risk profile (BIS Total Capital Ratio). The multiplier resulting from these two parameters is defined using the average over the relevant performance period. This ensures that the achievement of a high return on equity in combination with a low risk profile is rewarded more generously than the achievement of a high return on equity in combination with a high-risk profile.

No cap exists for Performance Shares since, according to Vontobel’s Philosophy, rewards should always be consistent with performance. However, in case of termination of employment, Performance Shares can be forfeited.

The following picture shows how the Bonus and Performance Shares function:

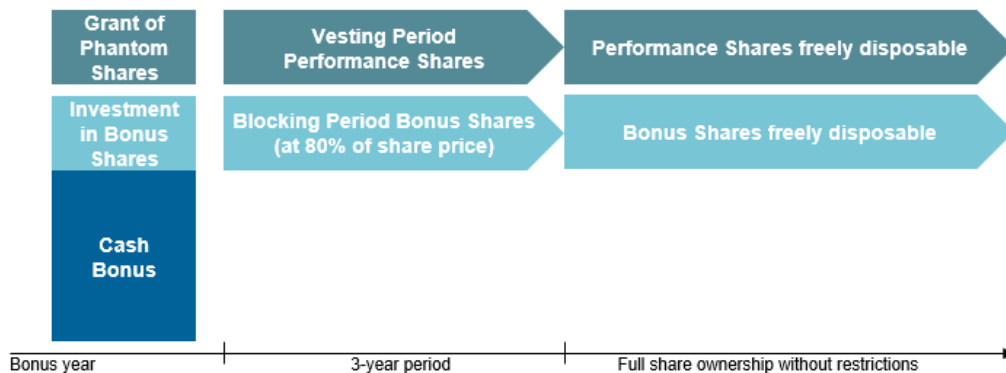


Figure 9: Design of variable compensation

In addition to the global LTI, variations of this plan were introduced to meet regional regulatory requirements, e.g. including investments in funds. The NCC approved the introduction of a Variable Compensation Agreement (VCA) for employees being subject to specific regulatory requirements. The purpose of this plan is to offer selected Vontobel employees and employees otherwise affected from a regulatory point of view (e.g., material risk takers, designated portfolio managers) the opportunity to participate in Vontobel’s future long-term success and sustained business results. This form of participation is also intended to enhance the employees’ motivation for contributing to the company’s long-term success and support their identification with Vontobel. The EXCO is not affected by this arrangement.

7.4 Reflection of Pay for Performance Principles in the Variable Compensation

Link between the bonus and “pay for performance”: The bonus system creates a high degree of transparency since all decisions are based on the performance of Vontobel, the areas, the business units and the individual. Consequently, the individual’s cash bonus is entirely dependent on the performance achieved across these areas during the financial year.

Link between variable compensation and pay for performance: As a result of the investment of the bonus and the deferral of the award (Bonus Shares), the benefit is closely linked to both individual performance and the performance of Vontobel’s business. Since employees are only allowed to sell their shares after completion of the three-year blocking period, the actual benefit realized depends on the development of the share price during this period. In addition, the amount of the Performance Shares to be allocated varies in line with Vontobel’s performance. Each employee’s benefit is therefore dependent on the sustainable performance of the business at two levels.

		Discretionary individual bonus	Bonus Shares	Performance Shares
Performance	Individual	✓	✓	✓
	Area, entity, business unit	✓	✓	✓
	Corporate	✓	✓	✓
Time Horizon	Retrospective award => Reward for performance delivered	✓	✓	
	Prospective => Investment in future performance of the business		✓	✓

Figure 10: Overview of variable compensation elements

8. Action to be Taken in Case of Fraudulent Activity

Vontobel reserves the right to, and if deemed necessary, will take action against an employee who has engaged in fraudulent activity based on which he / she has been rewarded variable compensation by applying malus and claw-back provisions.

Such corrective measures will be applied to relevant persons for whom it appears that they did not act in the interest of the client(s).

9. Entry into Force

This policy is subject to a periodic review by the BoD and enters into force with immediate effect.