Remuneration Policy Summary

Reference Number: A.0.10 - Remuneration

Contents

1 Purpose of the Remuneration Policy

1.1 Context

The Remuneration Policy Summary (hereafter, the "**Summary**") shall give an overview on remuneration practices and procedure applicable to EFG Bank (Luxembourg) S.A. (hereafter, the "**Bank**" or "**EFG**") and its branches. The Remuneration Policy (hereafter, the "**Policy**") is reviewed at least annually and may be updated, modified, supplemented or withdrawn at any time by the Bank.

1.2 Purpose

The Policy is applicable to all members of staff of the Bank, with specific provisions on variable compensation (hereafter "**VC**") applicable to the "Identified Staff" (hereafter "**Material Risk Takers**" or "**MRT**"), meaning members of staff whose professional activities have a material impact on the Bank's risk profile.

The Policy aims at ensuring a sound and effective risk management of the Bank, which does not (i) encourage and does not lead to an excessive risk taking by any of its members and / or (ii) exceed the level of tolerated risk by the Bank.

The Bank has set up remuneration practices and procedures that are aligned with conflict of interest and conduct of business obligations, taking into account the fair treatment of its clients as well as their best interests, through high value services matching specific client needs. The remuneration regime in place for all its members of staff does not provide any incentives for excessive risk taking or misselling of services rendered to clients. Indeed, the Bank's remuneration practices and procedures are aligned with its overall risk appetite, including reputational risks and risks resulting from the misselling of services.

1.3 Scope

The Policy and its underlying principles and practices are applicable to all members of staff of the Bank including its branches, independent of their place of work, hierarchical level or function. Specific provisions however are only applicable to Material Risk Takers.

The Bank has decided to apply remuneration principles in a manner and to the extent that are appropriate to its size, internal organisation and the nature, scope and complexity of its activities by applying the proportionality principle at institutional level. Such principle aims to match remuneration practices and procedures consistently with the Bank's risk profile, risk appetite and strategy, so that the objectives of the obligations are more efficiently achieved. Therefore, the Bank waives its obligation to:

- Defer a portion of the total VC;
- Pay at least 50% of the VC in shares or similar instruments;
- Apply a minimum retention of 1 year, following vesting, on VC paid as instruments;

Even though the Bank is considered as a "non-significant" institution, thus eligible to the application of the proportionality principle, EFG ensures, sound and effective remuneration policies and practices.

To this end, and as to ensure sound risk management on remuneration practices, the Bank shall leverage on the Group Remuneration & Nomination Committee at the level of EFG International AG ("EFGI" or "Group"), the latter acting as an advisor to the Board of Directors of EFG.

Furthermore, and on the basis of applying remuneration practices and provisions that are proportionate to EFG's size, internal organisation and the nature, scope and complexity of its activities, the Bank has decided to apply specific pay out provisions on variable remuneration (hereafter, "**VC**") to different categories of staff in line with the equity based deferral principles defined by the EFGI Remuneration & Nomination Committee and as approved by the Board of Directors of EFG.

Consequently, for the Eligible populations, the pay-out of VC may at the discretion of EFGI Remuneration & Nomination Committee and as approved by the Board of Directors of the Bank, be subject to following principles:

- Deferral of a certain percentage of the VC in form of an equity or equity-like scheme ("instruments"), over a period of 3 years;
- The deferred VC shall vest either (i) on a pro-rata basis or (ii) on a full basis (i.e., cliff vesting);
- The first vesting shall not occur sooner than:
  - In case of pro-rate vesting - 12 months as from the grant date of such instruments;
  - In case of cliff vesting: the end of the deferral period; and
- Up to 100% of the VC in form an equity or equity-like scheme is subject to malus and clawback provisions, the latter covering the respective deferral period.

2 Identified Staff

To identify Material Risk Takers, the Bank uses the criteria set out under the "Loi du 5 avril 1993 relative au secteur financier", as amended by the law of May 20th 2021 (hereafter "**the LFS**" or "**the Law**"), as well as qualitative and quantitative criteria.

The identification process is conducted on a yearly basis and is subject to the approval of the Bank's Board of Directors. The identification process may be summarized as follows:

- The HR function drafts a list of all EFG's employees and their respective remuneration for the purpose of the quantitative analysis (i.e. Employees earning a total compensation equal to or above EUR 500K and equal to or greater the average compensation of senior management);

- Based on the above, the HR function assess each employee against both qualitative, quantitative and internal criteria and drafts an additional list including the employees that can be considered as a MRT in this respect (hereafter, "**MRT list**") and employees who qualify for exclusion together with their rationale (hereafter, "**MRT exclusion list**");

- Both, the MRT list and MRT exclusion list are then submitted to the Control functions and the Authorized Management, to be reviewed against the aforementioned criteria and adjust if necessary (hereafter "**Final MRT list**"). Any adjustment is documented and justified accordingly;

- Finally, the Final MRT list is submitted to the Bank's Board of Directors for approval.

The staff identification assessment is documented and periodically updated during the year, at least in relation to potential identification based on qualitative criteria. Within the exercise of its identification process of Material Risk Takers, the Bank has also assessed the case of its Client Relationship Officers ("CROs"). Based on their job description and on the Risk Assessment Matrix for CROs, CROs do not have the power to commit the Bank and cannot take any action that has a material impact on the risk profile of the Bank. Therefore, they are not considered as Material Risk Takers.

Any exclusion of MRTs, falling under the notification / request for approval requirements is submitted annually to the CSSF (in June of each year).

3 Remuneration Principles

The principles relating to the composition of remuneration, as set out below, take into account local specificities such as those negotiated in the collective labour agreement for bank employees in force, and are in line with risk management objectives. The policy aims in particular not to encourage risk-taking that exceeds the level of risk tolerated by the Bank, to avoid conflicts of interest and to avoid inequalities of treatment. Remuneration policies and practices are gender neutral.

The below principles are applicable to all members of staff, with specific provisions on variable remuneration applicable only to MRTs. In line with the Regulation, remuneration is either:

- Fixed remuneration (including pension and benefits); or
- Variable remuneration.

3.1 Fixed Compensation for all staff (except Client Relationship Officers)

Fixed Compensation means all contractually agreed remuneration that is not linked to performance but rather defined in line with the level of education, the degree of seniority, the level of expertise and skills required, the constraints and job experience and the relevant business sector, in line with the Luxembourg Collective Bargaining Agreement for Bank employees, where applicable.

Fixed Compensation is made up of the salary representing the total remuneration received in cash on a periodic basis and the benefits such as lunch vouchers, supplementary pension plan, supplementary health insurance, etc.

3.2 Variable Compensation for all staff (except Client Relationship Officers)

Variable Compensation means compensation consisting of awards based on performance or in certain cases on other contractual criteria. Such remuneration is discretionarily determined based on the individual performance (annual assessment) of the members of staff, the performance of her or his business line and the performance of the Bank and ESG risks.

The variable compensation might be distributed via cash and/or Equity Incentive Plan (Restricted Stock Unit).

3.3 Bonus cap rules

The Authorized Management shall monitor during review cycles that an appropriate balance between fixed salary and variable component is respected.

For Authorized Management, and Senior members of independent control functions a similar exercise must be performed by the Board of Directors based on the input of relevant stakeholders.

EFG applies following caps on variable compensation (so as to ensure a proper balance between the variable and the fixed compensation) in line with the regulation:

	Cap of variable remuneration expressed in % of the total fixed remuneration*
Members of Board of Directors	NA (no award of variable remuneration)
Material Risk Takers	100%
Members of staff	N/A

*max. 200%
When establishing the amount of the annual variable remuneration paid to a staff member and the ratio between the variable and fixed annual remuneration EFG takes into account the below:

- the total annual VC awarded for the performance year that equals the financial; and
- the annual fixed remuneration awarded for the financial year.

In terms of monitoring, a particular attention is paid to MRT population during the compensation review. In this respect, HR determine wherever the cap is exceeded or expected to be exceeded based on proposals for MRTs and launch process for "higher maximum level of ratio i.e. max 200% as per legal requirement.

4 Discretionary variable compensation award process (for all staff except Client Relationship Officers)

4.1 Bonus Pool

4.1.1 Determination of the global envelope

The discretionary VC award process is based on the funding of a Group bonus pool over the year in line with the overall Group's profits, the latter encompassing the Bank's results. The discretionary bonus pool is allocated by the Group CEO and Group Finance department to the Regional Business Heads and Global Function Heads. The Group's discretionary bonus allocation approach is a global approach and therefore applies equally to all members of the workforce worldwide, insofar a local legislation/regulation do not stipulate other rules.

When determining the bonus pool, the Bank/Group takes into account the Bank's financial situation (including capital base and liquidity), control objectives, all current and potential future risks, including inter alia expected losses and estimated unexpected losses and will ensure compliance with the bonus cap rules.

Determination of the overall annual variable compensation pool for staff members is a combination of bottom up (starting at single staff level following the annual individual assessment) and top down (evaluating performance of business) approach.

4.1.2 Attribution to staff

Within the local bonus envelope, managers with the support of HR determine variable remuneration proposalsfor respective employees based on the final year-end review outcomes. Proposals are submitted and approved by the Bank's CEO. To ensure coherence between propositions, managers and HR hold talent reviews and calibration sessions together to review the overall performance rating distribution amongst employees.

The above-mentioned propositions are also subject to coherence check, overseen by HR, to ensure gender neutrality. To this end, and to enhance the coherence and consistency checks, talent review by HR and the line managers are done throughout the year, to review and assess for each employee (i) individual performance, and where do they stand on their objectives, (ii) potential for promotion and / or (iii) areas of development.

For the sake of clarity, the Bank's CEO shall not approve any of the above for members of staff identified as MRTs in a Senior Management position, not MRTs in Senior independent control functions -i.e., this responsibility remains within the obligations of EFG's Board of Directors, with the input of relevant stakeholders.

4.2 Performance management

4.2.1 General Principle

The Bank establishes relevant parameters as well as quantitative and qualitative objectives, assesses staff behaviour on an ongoing basis and overall performance on an annual basis, and measures the results in accordance with the defined parameters and objectives. The performance assessment is performed in a multi-annual framework to guarantee that the assessment is based on long-term individual performances.

These annual assessment results may be taken into account during annual salary reviews as well as variable compensation determinations. Accordingly, the amount of the variable component awarded to all members of staff with respect to their personal performance shall reflect sustainable and justifiable criteria that reflect the Bank's business and risk policies, including defined ESG criteria. A serious violation of internal rules, external regulations, or law shall result in a reduction or elimination of the variable component for any member of staff. Where such observation is made post VC attribution (or post vesting for instruments), clawback provisions may be applied.

The Group applies differentiated Performance Management metrics for each of the following two categories of Employees:

- the Client Relationship Officers (CROs); and
- the non-CRO staff.

4.2.2 Performance assessment of the Authorized Management as well as Control Functions

The performance assessment is performed in a multi-annual framework to guarantee that the assessment is based on a long-term individual performance. The Board of Directors of the Bank assesses each year (i) the performance of the Authorized Management in their function as Authorized Managers of the Bank and (ii) the individual performances on a combination of quantitative and qualitative criteria (such criteria being in practice appropriately balanced - e.g. 50 % - 50 %).

4.3 Pay-out, malus and clawback principles

4.3.1 All members of staff including Material Risk Takers

Unless specified otherwise and in compliance with the rules of the Group, the variable compensation allocated to each individual staff member (i.e., including Material Risk Takers), providing such amount does not exceed CHF 50,000 (or equivalent in local currency), consists in a single payment, distributed in cash.

However, EFG reserves the right to apply specific pay-out provisions to different categories of employees.

Consequently, where the VC exceeds CHF 50,000 (or equivalent in local currency), the following Group principles shall apply for all members of staff including Material Risk Takers:

- Deferral of at least 25% of the VC in excess of CHF 50,000 (or equivalent in local currency), over a period of 3 years;
- The deferred VC in form of instruments shall vest on a pro-rata basis; and
- The first vesting shall not occur sooner than 12 months as from the grant date of such instruments.

In any case, up to 100% of the VC in form of:

- Cash is subject to clawback provisions for a reference period of at least one-year post payment; and if applicable
- Instruments is subject to malus and clawback provisions, the latter covering the respective deferral period.

4.3.2 Authorized Management

In case where she or he receives a bonus, the member of Authorized Management may be asked upon decision of the Board of Directors to take a certain percentage of her or his variable component in the form of instruments.

Consequently, for the members of Authorized Management, the pay-out of VC shall be subject to following principles:

- Deferral of at least 25% to 60% of their total VC over a period of 3 years;
- The deferred VC in form of instruments shall vest in full (i.e., Cliff vesting); and
- The first vesting shall not occur sooner than at the end of the deferral period.

In any case, up to 100% of the VC in form of:

- Cash is subject to clawback provisions for a reference period of at least one-year post payment; and if applicable
- Instruments is subject to malus and clawback provisions, the latter covering the respective deferral period.

4.3.3 Control Functions

Pay-out of VC for Control functions shall follow provisions applicable to Material Risk Takers as described in section 4.3.1, except for the case where a member of the Authorized Management heading a Control function, the pay-out principles, as described in section 4.3.2, shall apply.

5 Gender neutrality

The Bank ensures that staff, independent of their gender should be equally remunerated for equal work or work of equal value. In this respect and to prevent or compensate for disadvantages in professional careers of the underrepresented gender, the Bank has established a process whereby it determines as of recruitment remuneration ranges and components that ensure an equal starting point for all members of staff, irrespective of their gender.

To this end, as of recruitment, EFG uses internal and external benchmark data to define appropriate remuneration ranges for a specific position. When conducting such benchmarks and consistency checks, the Bank takes into account:

- the hierarchical level of the staff and if staff has managerial responsibilities;
- the level of education, professional certification and level of professional experience of the staff member;
- the scarcity of staff available in the Labour market for specialised positions;
- the nature of the employment contract;
- the economic value of the position that the recruit applies for;
- etc.

Furthermore, and beyond ensure gender neutral pay definition at recruitment, the Bank ensures that such practice is continued throughout the reward process, and notably, with regard to salary increases as well as career opportunities.

Indeed, the Bank operates on the notion of meritocracy, this irrespective of gender. EFG uses the performance reviews and calibration sessions (i.e., where the performance and potential of each individual is discussed) on an individual basis to review whether a salary increase and / or promotion is necessary or strongly advised for talent retention and motivation purposes. The Bank reviews salaries on a yearly basis from manager level, through HR, Authorized Management, until its Board of Directors' approval.

6 Specific provisions to Client Relationship Officers (CROs)

6.1 Job Description

CROs hired in the Bank/Group are primarily experienced bankers with previous client and business development experience in their role of CRO. There are no "orphan" CROs; all CROs must work in a team with either a Client Support Officer (“CSO”) or with a fellow CRO as back-up.

Their day-to-day role is to receive, relay and operate the financial orders of clients. CROs are not in charge of discretionary portfolio management.

Based on the job description above and on the Risk Assessment Matrix for CROs, they do not have the power to commit the Bank and cannot take any action which has a material impact on the risk profile of the Bank.

Therefore, they are not considered as MRTs.

6.2 Fixed Compensation

The Bank's Policy is generally to hire CROs at historical salary plus an amount equal to all fringe benefits they were entitled to in their former entity. Salary may be reviewed on an ongoing basis.

In no case is a CRO hired with less than a decent living wage corresponding to his/her situation; by this means the Bank hopes to avoid undue pressure on the CRO to do inappropriate business. In case where, with consent of the employee, a salary decrease is decided, it could not be reduced below a decent living wage.

6.3 Variable Compensation

The determination of the variable compensation of the CROs is based on both qualitative and quantitative criteria.

Variable Compensation is generally paid at the beginning of the year for the previous performance year and may amount up to 20 % of the employee's annual net contribution, respectively up to 20% of the net contribution of the CRO team.

Such variable Compensation is discretionarily determined based on satisfaction of the applicable quantitative and qualitative criteria and in particular the results of the risk scorecard.

To comply with the Italian Market, the Bank. had to adopt a different compensation model for the local CROs.

6.4 Pay-out, Malus and Clawback principles

As a general principle, the variable compensation of CROs consists in a single payment, distributed in cash.

However, CROs who earn over CHF 50,000 (or equivalent in their local currency) in VC are required to invest a minimum of 25% of the portion of their VC exceeding CHF 50,000 in instruments and may elect to invest an additional portion of their VC in instruments. Consequently:

- Deferral of at least 25% (or more by election) of the VC in excess of CHF 50,000 (or equivalent in local currency), over a period of 3 years;
- The deferred VC in form of instruments shall vest on a pro-rata basis; and
- The first vesting shall not occur sooner than 12 months as from the grant date of such instruments.

In any case, up to 100% of the VC in form of:

- Cash is subject to clawback provisions for a reference period of at least one-year post payment; and if applicable
- Instruments is subject to malus and clawback provisions, the latter covering the respective deferral period.

7 Governance

As stated previously, the Bank decides to apply remuneration principles proportionate to its size, nature, scope, complexity of its activity and internal organization. Thus, the Bank chooses to neutralize establishment of a Remuneration Committee at local level but however, reports to the Group Remuneration Committee, as to ensure alignment with Group remuneration principles.

As to ensure appropriate remuneration practices and avoid potential conflict of interest, the Bank has set up governance around the Policy involving several corporate functions.

7.1 The Board of Directors

The Board of Directors (BOD) establishes the general principles of the Policy and is responsible for reviewing such principles on a regular basis. Furthermore, the BOD ensures that the Authorised Management implements and executes the Policy.

The Board of Directors, in its supervisory function, is responsible for the remuneration of all the employees of the Bank, including the Authorized Management. It is important to note that where a member of the Authorized Management is also an executive director of the Board, he or she does not participate in any decision with regard to his / her own remuneration.

The Board of Directors is also responsible for:

- Ratify any new form of fixed or various remuneration advantages to be granted;
- Review and approve the global amounts allocated to the increase of the fixed remuneration and to the variable remuneration;
- Determine and oversee the remuneration of the members of the Authorised Management and Heads of Control Functions;
- Oversee and review the identification process on an ongoing basis and approve it as part of the Remuneration Policy;
- Approve any exclusions or exemptions from and changes to the adopted identification policy and monitor/consider its effects;
- Periodically reviewing the approved staff identification policy;

The Board of Directors relies on the input of the Authorized Management, Control Functions and Human Resources.

7.2 Authorized Management

The Authorized Management (together with the Head of HR, and with the involvement of the Control Functions) is responsible for the compliance of the Policy. Any regulatory or legal changes must be monitored, analysed and forwarded without delay to the Board of Directors for updating purposes.

The Authorized Management is also responsible for:

- Taking all necessary measures for implementing the Policy and keeping the Policy and the remuneration falling within its scope under review;
- Reporting at least once a year to the Board of Directors about the implementation and the supervision of the implementation of the Policy;
- Proposing for approval to the Board of Directors the global amount to be allocated to the increase of the fixed remuneration and to the variable remuneration;
- Defining the people and the amounts of the discretionary salary increases once the global amounts are approved;
- Defining the people and the amounts for the discretionary bonuses once the global amounts are approved;

- Deciding if staff have a material impact on the Bank's risk profile and communicate on the topic with the Board of Directors.

7.3 Control Functions

The Control Functions of the Bank assist the Board in determining the overall remuneration strategy, in the context of the promotion of effective risk management. The Control Functions in particular take all necessary measures in order to ensure the compliance of the Policy with laws/circulars/directives.

The Control Functions assist and inform on the definition of suitable risk-adjusted performance measures, as well as in assessing how the variable compensation structure affects the risk profile and culture of the Bank.

Going further they provide effective input in accordance with their roles into the setting of bonus pools, performance criteria and remuneration awards where those functions have concerns regarding the impact on staff behaviour and the riskiness of the business undertaken. They are also involved on an ongoing basis in the staff identification process in accordance with their respective roles.

7.4 Human Resources

The HR function participates and informs on the design and the evaluation of the Policy for the institution, including the remuneration structure, remuneration levels and incentive schemes, staff identification, in a way that will not only attract and retain the staff but will also ensure that the Policy is aligned with the institution's risk profile.

Furthermore, and within the context of gender neutrality, the HR function shall conduct an annual assessment and monitoring of the development of the gender pay gap for:

a) MRTs, excluding members of the Authorized Management;

b) The Authorized Management; and

c) other staff.

In case of gaps, HR shall document the roots of potential gaps, and submit such analysis to the Board of Directors. On that basis, the Board shall take necessary and appropriate actions, thus ensuring EFG operates a gender-neutral Policy.

7.5 EFGI Remuneration & Nomination Committee

The EFGI Remuneration & Nomination Committee relies on the inputs of the Authorized Management and when required on the Board of Directors to report any information deemed necessary as per the Group policy.

8 Disclosure

8.1 Internal disclosure

All employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay through the intranet website.

The detailed Remuneration Policy is available to all staff on the Bank's intranet.

8.2 External disclosure

8.2.1 Disclosure on remuneration

In compliance with article 38-11 of the Law of 5 April 1993, the Bank explains on a website how they comply with corporate governance and remuneration.

The Bank shall disclose information as required under Article 450, of the European Regulation (EU) No 2019/876, of 20 May 2019, amending Regulation (EU) No 575/2013.

CSSF will collect information published in compliance with Article 450.1.g), h), i), j) and k) of above-mentioned regulation.

8.2.2 Sustainability-related disclosures (including remuneration)

The Bank shall comply with Article 5 of the European Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector. To this end the Bank includes (i) in the present Policy information on how remuneration practices are consistent with the integration of sustainability risks, and (ii) shall publish that information on its website.

For questions on the detailed Remuneration Policy, employees may contact HR.