Lombard Odier Gestion (España) SGIIC SA
Remuneration Policy
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I. INTRODUCTION

A. CONTEXT, PURPOSE AND SCOPE OF APPLICATION

This Remuneration Policy, hereafter “the Policy”, defines and describes the remuneration principles and practices set by Lombard Odier (Europe) S.A., hereafter “the Bank” or “LOESA”.

The general principles and provisions set by the Policy shall prevail on all existing principles and rules set by other documents and apply to all employees of the Bank in Luxembourg and in its branches and subsidiaries located in France, Belgium, Spain, the United Kingdom and Italy.

The Policy is approved by the Board of Directors. The Human Resources Function coordinates the review of the Policy on a yearly basis and proposes any update if needed. The general provisions of the Policy are made available to all employees. In addition, as per the regulatory requirements, LOESA ensures that it complies with the public disclosure provisions.

B. GENERAL PRINCIPLES

The Policy’s conducting principles have been approved by the Board of Director of the Bank and reflect both the Lombard Odier Group’s culture and values as well as compliance with the regulatory framework:

C. SOUND AND EFFECTIVE RISK MANAGEMENT

The Policy and related practices aim at protecting the interests of the Bank’s customers, providers, employees, stakeholders as well as the Bank’s financial sustainability in a long term perspective. In this context, LOESA has established, implemented and maintains a remuneration policy which is consistent with and promotes sound and effective risk management and which does not induce excessive risk-taking. In addition, in defining any remuneration policy the Bank will aim to maintain a sound balance between its fixed and variable cost base, with a view to maintain maximum flexibility at times of potential market stress.

D. COMPETITIVE AND ATTRACTIVE REMUNERATIONS

To ensure that client’s satisfaction and protection remain at the heart of its philosophy, LOESA is willing to attract, retain and motivate highly qualified professionals in their respective domains. In this light, LOESA offers remuneration packages that are in line with market practices and competitive.

E. PAY FOR PERFORMANCE

Variable remunerations are part of the standard compensation packages offered by the Bank. To protect the interests of all stakeholders, variable remunerations are systematically aligned with short, mid and long-term collective and individual performance. Effective performance is therefore subject to strict assessment rules that primarily aim at preventing excessive risk-taking behaviours. In this context, the Bank does not reward failure.

F. EQUAL PAY

Pay fairness principles are key to the Bank. From a pay fairness perspective, the Bank is committed to address gaps that may not be explained by business factors, such as, but not limited to, experience, role / job, responsibility, performance or location. The HR department is in charge of exploring the root causes of those gaps and address them where appropriate. Pay fairness assessments across our Bank workforce are being conducted on a regular basis and remuneration packages are being closely monitored.

G. COMPLIANCE WITH THE REGULATORY FRAMEWORK

The Policy is compliant with the requirements on remuneration policies and practices in the financial sector that have been defined by the European, theLuxembourg and Spanish regulators, in particular:

- The CRD IV EU Directive 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (June 26, 2013), transposed into Luxembourg legislation via the law of 23 July 2015, amending the law of 5 April 1993 on the financial sector (the "LFS");

- The Final Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013 published by the European Banking Authority (EBA) on December 21, 2015

- The CSSF Circular 12/552 on central administration, internal governance and risk management as recently amended by circular 20/759.

- Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva

- Real Decreto 1082/2012, de 13 de julio, por el que se aprueba el Reglamento de desarrollo de la Ley 35/2003, de 4 de noviembre, de instituciones de inversión colectiva

- Reglamento delegado n.º 231/2013, de la Comisión, de 19 de diciembre de 2012

- Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito

H. DISCLOSURE

The general provisons of the Policy are made available to all employees.
In addition, as per the regulatory requirements, LOESA ensures that the mandatory information regarding this Policy is publicly disclosed in the annual accounts report.

II. OVERIEW OF GROUP ACTIVITIES AND RISK MANAGEMENT

A. LOESA'S PROFILE

1. Lombard Odier Group

The Group, which was founded in 1796, is owned and managed by the Managing Partners. Today, the Group employs approximately 2,400 employees across more than 20 sites worldwide. The main characteristics of the Group's Business model are the following:

- A focus on private and institutional customers

- A limited and focused range of activities : private banking, asset management, technology and banking infrastructure

- A prudent business model that aims at focusing on activities in which the Group has acquired and developed expertise and knowledge

- A strong capitalisation and solvency ratio

In this context, LOESA's mission statement is to focus on private banking activities within the European Union.

2. LOESA organization

The activities of the Bank remain primarily focused on wealth management services towards private clients (High Net Worth Individuals whose investable assets amount, in principle, to more than EUR 3 Million) through personal accounts or through corporate structure accounts and portfolio management of funds. It can be summarised as follows:

- Investment Management
- Wealth Planning
- Credit (in form of Lombard loans)

These activities includes traditional banking activity such as investment account managed by the client, investment account managed by the Bank through a discretionary portfolio management mandate, investment account managed by the client advised by the Bank through an Advisory mandate. .The Bank does not perform transactions for its own account. All transactions are carried out through the trading department of Banque Lombard Odier & Cie SA, Geneva.

At the end of 2020, the LOESA structure was as follows:

- LOESA headquarters in Luxembourg;
- LOESA Belgium branch;
- LOESA Spain branch;
- LOESA UK branch;
- LOESA France branch;
- LOESA Italy branch
- Lombard Odier Gestion (España) SGIIC SA Spain subsidiary of LOESA (portfolio management of funds and client's assets).

LOESA's business strategy is aligned with the Group's and consists in first instance of a full integration and alignment of the product offering between the European head office and the branches. Next to this the strategy is to organically grow the assets under management through deepening of relationships with existing clients and acquisition of new clients and mainly through the tailor-made, innovative and socially responsible client solutions aiming at ensuring a sustainable growth of the client portoflios in the long term.

3. Risk management

LOESA has defined its risk appetite statement through qualitative and quantitative elements and its corporate governance is organised in a way to comply with regional and local regulatory requirements as well as Lombard Odier Group policies in a timely and continuous manner. The Bank's internal control system is based on an integrated risk management approach, meaning that all employees (not only risk and control professionals) are expected to identify, measure and mitigate the risks they are facing in their daily work. This approach aligns with the concept of the Three Lines of Defence referred to in the CSSF Circular 12/552 as follows:

- First line of defence functions (Business and Operations' functions (including IT) / Risk Ownership)

- Second line of defence with support functions (Legal, Finance and Human Resources) and control functions (Risk Management and Compliance)

- Third line of defence function (Internal Audit)

B. IDENTIFIED STAFF

The Bank performs a detailed analysis in order to identify the staff members whose professional activities have a material impact on the Bank's risk profile, referred to as the "Identified Staff".The Bank draws the list of Identified Staff on the basis (i) of the analysis of job functions and responsibilities as prescribed by mainly the EBA Guidelines on Remuneration Policies and Practices and the law of 23 July 2015, and (ii) of the requirements detailed in the Commission Delegated Regulation EU 604/2014 on the identification of categories of staff whose professional activities have a material impact on an institution's risk profile.

This analysis is initiated by the HR Department, , in close collaboration with the Compliance and Risk Management departments. It is then reviewed by the Nomination & Remuneration Committee and finally validated by the Board of Directors.

C. PROPORTIONALITY PRINCIPLE

Based on the Bank's current risk profile, the following statements can be made:

- LOESA has a limited size in the different countries in which it operates (7 to 60 employee per entity);

- In the light of the Group's very conservative risk approach, the Bank has a very limited risk exposure;

- The internal organization is not complex and all decisions are taken collectively;

- The nature, scope and complexity of the business activities is very limited as these mainly remain private banking activities;

- In addition, as per the CSSF Circular 11/505, LOESA has total assets that are below € 5 billion and a global own fund requirement below € 125 million (base 100%) or € 1 562.5 million (base 8%).

In this context, LOESA has decided to resort to the proportionality principle and to disapply the following requirements regarding the remuneration of its IS:

- Requirement to pay out a part of the variable remuneration in instruments and, de facto, the related instrument retention obligations;

- Requirement to pay out a part of the variable remuneration through a deferral scheme and, de facto, the related ex-post risk adjustment obligations (malus);

III. GOVERNANCE

The guiding principles of the Bank's governance are set by the LOESA Corporate Governance Policy. More specificly, on remuneration principles and pratices the following structure, responsibilities and powers apply.

A. THE BOARD OF DIRECTORS

The LOESA Authorised Management reports to the Board of Directors (BoD), which is chaired by one of the Managing Partners of the Group.

The Board of Directors is responsible for the design of the Policy as well as for its monitoring, maintenance and review.

The Board of Directors takes into account all pertinent inputs provided by the functions involved in the design of the Policy (i.e. risk management, compliance, HR, etc.).

The Board of Directors reviews the Policy at least once a year and implements the required amendments resulting from the review. Such central and independent reviews will assess whether the remuneration system (i) operates as intended and (ii) is compliant with the regulatory requirements.

B. THE NOMINATION & REMUNERATION COMMITTEE

The LOESA Nomination & Remuneration Committee is composed of three non executive board members. It is chaired by a Managing Partner of the Group.

The Nomination & Remuneration Committee has the following responsibilities:

- Ensuring that the Remuneration Policy is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture and values and the long-term interest of the institution;
- Providing its support and advice to the Board of Directors on the design of the Remuneration Policy;
- Supporting the Board of Directors in overseeing the Remuneration Policy, practices and processes and ensuring that the Policy is still up to date and, if necessary, proposinf amendments;
- Providing a recommendation to the Board of Directors with regard to design and conditions of the remuneration package of the members of the Executive Committee, the Heads of the control functions (i.e. Risk Management, Compliance and Internal Audit) as well as some other IS as the need may be;
- Ensuring the adequacy of the information provided to the shareholders on remuneration policies and practices, in particular on the proposed higher maximum levels of the ratio between fixed and variable remuneration;
- Assessing the achievement of performance targets and the need for potential ex post risk adjustment such as clawback;
- Providing its support and advice to the Board of Directors with regards to the appointment and dismissal of members of the Authorised management, the Heads of the control functions as well as local executive management (pre CSSF notification via the legal department).

C. THE EXECUTIVE COMMITTEE

The Executive Committee is composed of the Authorized Management of LOESA as well as additional members represented by senior managers of LOESA in charge of central functions or senior business representatives (with voting rights) and permanent invitees represented by senior managers of LOESA bringing expertise in the discussions held during the Executive Committee (without voting rights).

When it comes down to the remuneration policy, the Executive Committee's role is to manage its operational implementation and to take all appropriate measures to ensure that it is applied properly.

D. THE HUMAN RESOURCES FUNCTION

The Human Resources function plays a key role in the design and in the regular update of the Policy, providing core input regarding among other the definition of the Identified Staff, the performance assessment models, the bonus pool calculation and the remuneration structure and pay out modalities. In addition, Human Resources ensure that the Policy is correctly implemented through the robust management of the annual performance process, promotion process, Year End Process and any other related processes.

E. THE CONTROL FUNCTIONS

The role of the control functions in the design and review of the Policy is as follows:

1. Compliance

The Compliance function plays a key role in the design and in the regular update of the Policy, ensuring all regulatory requirements are complied with throughout the Policyas well as in the definition of the IS and in the performance assessment process.

2. Risk Management

The Risk Management function is very much involved in the design and in the regular update of the Policy, providing input among other on the definition of the IS, the bonus pool calculation and the performance assessment.

3. Internal Audit

The Internal Audit department reviews on an annual basis the Policy and its practical application and submits its findings and improvement opportunities back to the Executive Committee and the Board of Directors for further action.

IV. PERFORMANCE MANAGEMENT SYSTEM

A. THE APPRAISAL PROCESS

LOESA monitors the performance of all its employees based in Luxembourg and in its branches and subsidiaries through the annual Appraisal Process (hereafter the "Appraisal Plan"). The Appraisal Plan ultimate objective is twofold:

- Identify a personal development plan
- determine the base salary evolution and the bonus amount

The Appraisal Plan is based on a discussion between employees and their respective Manager / LMD and is supported by the Ulysse tool[1].

LOESA adopts and maintains measures enabling to effectively identify where the front-office staff might fail to act in the best interests of the client and to take remedial action. In addition, organisational measures adopted in the context of the launch of new products or services appropriately take into account the remuneration policies and practices and the risks that these products or services may pose in terms of conduct of business and conflicts of interests.

[1] Ulysse is the Group's Performance Management tool in which the individual performance is monitored and recorded. Employees and their respective Manager record in it the performance and development objectives as well as the outcomes of the annual performance assessment.

B. PERFORMANCE INDICATORS

Performance criteria are established and reviewed by LOESA Human Resources Department to ensure that they are specific, measurable, attainable, realistic and time-bound ("SMART" objectives). Performance criteria are defined at the level of the Institution, the Department and the Individual in a multi-year perspective and will attract different weightings in each category depending on the category of the employee.

In the framework of LOESA risk management approach and in line with our focus on sustainability, , LOESA incorporate quantitative and qualitative criteria, with a strong focus on qualitative criteria to minimize behaviours that are inappropriate or incompatible with the Bank's long-term goals and with customers' satisfaction. These non-financial criteria include among others the assessment of the individual's alignment with corporate values and risk and compliance requirements such as integrity, trustworthiness, reliability, team spirit, key professional skills, compliance consciousness and consideration of sustainability risks and factors. In addition, it is important to mention that, as shown in the following chart, risks are systematically taken into consideration during the assessment process.

V. REMUNERATION PACKAGES

This section aims at describing the structure of the remuneration packages (i.e. fixed remuneration and variable remuneration) offered to the Bank's staff members as well as to describe the various components. The principles set hereby apply to all employees of LOESA.

However, since the Bank is active in six countries, the Bank needs to align its practices with the local frameworks (e.g. labour, social security and tax laws, codes / rules / circulars issued by the local regulator, etc.) and with local remuneration market practices. In this context, the structure and components of remuneration package may slightly differ from one country to another.

A. Structure of the remuneration packages

LOESA remuneration packages are structured around the following pillars:

1. Fixed remuneration

The fixed remuneration, encompasses the **annual base salary** and the **fringe benefits** which are not linked to the performance (e.g. lunch vouchers / meal allowances, complementary pension scheme, complementary medical insurance, company car, etc.). The number of instalments for the base salary and the types of fringe benefits may differ depending on the employee's position and location.

2. Variable remuneration

The **variable remuneration** encompasses the following types of variable remuneration: discretionary incentive awards, guaranteed incentive awards, conditional incentive awards and long-term variable incentives (deferred incentive awards, buy-out awards and retention awards).

LOESA offers variable remunerations to its employees. The variable remuneration is always linked to performance, should it be collective or individual performance. It is important to note that, in all circumstances however, the award or payment of the variable elements of the remuneration will be limited or prohibited in case such award or payment may have a negative impact on the Bank's sound

B. SPECIFIC PROVISIONS

1. Adjustments of the variable remuneration

The Bank reserves the right to apply clawback clauses to variable remuneration components in case, for example, evidence of misbehaviour or serious error by the staff member is identified.

2. Upper limits of variable remuneration

As a general principle, and as per the CRD IV requirements, the Bank does not pay any variable component exceeding 100 % of the fixed component to any of its employees. On an exceptional basis, the Bank may apply a higher maximum level of the ratio between the fixed and variable components which would in no case exceed 200 % of the fixed component, as per the CRD IV requirements. In this case, a detailed recommendation describing the reasons for, and the scope of, the approval sought (incl. the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base) will be reviewed by the Nomination & Remuneration Committee, then validated by the Board of Directors and submitted to the Managing Partners. Copies of both the recommendation of the Board of Directors to the Managing Partners and the Managing Partners' decision will be provided to the CSSF, as prescribed by CSSF circular 15/622.

3. Prohibition of personal hedging

All staff members are required not to use personal hedging strategies or remuneration- and liability- related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

4. Pension policy

The pension policy is in line with the Bank's business strategy, objectives, values and long-term interests.