

## Remuneration policy - summary

### 1. Introduction

Delen Private Bank Luxembourg S.A. has drawn up its remuneration policy on the basis of the requirements relating to remuneration policies set out in Luxembourg law, CSSF circulars and European regulations and directives<sup>1</sup>.

### 2. General principles

The Bank has taken a number of factual factors into account in drawing up its remuneration policy.

Like its parent company, Delen Private Bank Luxembourg S.A. is a **bank specialising in wealth management**, primarily for private clients. The Bank's results are therefore a reflection of its asset management and depend fundamentally on two parameters: (1) the amount of assets under management and (2) developments on the financial markets, a criterion over which the Bank itself obviously has no influence.

The Bank's profit history shows that earnings depend on the volume of assets under management and market evolution, not on particular operations or risky activities. This translates into stable profits.

Given the limited number of activities carried out by the Bank, Delen Private Bank Luxembourg S.A. applies the proportionality rule on certain points. In the event of a substantial change in the type of activities carried out by the Bank, the Board of Directors will reassess the application of this rule and the other principles of this remuneration policy.

The Bank's remuneration policy also favours long-term relationships. For the Bank, it is important that clients are supported by a relationship manager with whom they have a relationship of trust, whether the financial climate is favourable or unfavourable. The Bank offers its employees sufficiently high remuneration to retain them. It applies the same philosophy to its non-commercial functions, which are also essential to retain.

The Bank also adopts a conservative management approach. In particular, it refrains from linking remuneration to portfolio performance so as not to encourage excessive risk-taking.

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<sup>1</sup> Non-exhaustive list: Law of 23 July 2015 transposing Directive 2013/36/EU of the European Parliament, Regulation EU/575/2013 concerning the prudential existences applicable to credit institutions, Delegated Regulation (EU) n°2021/923, Regulatory Technical Standards (RTS) EBA/RTS/2020/05 on the criteria for the identification of risk-takers, Circulars CSSF 10/437, 15/622 and 22/797 on guidelines on remuneration policies in the financial sector, CSSF 23/836 on benchmarking exercises on remuneration policies and practices, CSSF 23/837 on data collection exercises on high incomes, CSSF 23/841 on the application of ESMA guidelines 35-43-3565 on certain aspects of remuneration requirements in the financial sector, etc.

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In structuring its remuneration policy, the Bank systematically takes care to avoid any **conflict of interest**. For example, the Bank never remunerates a manager on the basis of the performance of the portfolios or the profitability he achieves with his clients, or on the achievement of specific business objectives.

In accordance with Directive 2019/878/EU, the Bank ensures that it adopts a remuneration policy that is neutral in terms of gender and diversity, following the guidelines issued by the EBA and guaranteeing fair treatment for all employees. In general, the Bank also promotes diversity (e.g. qualifications, educational and professional path, gender, age, geographical and social origin) at all levels.

In accordance with Directive 2019/2088/EU and in compliance with the principles laid down by its parent company, the Bank ensures that it takes sustainable development risks into account in its day-to-day activities. Given the principle that remuneration cannot be linked to the achievement of certain financial targets or to a certain portfolio performance, remuneration cannot have a negative impact on the Bank's integration of sustainability risks.

### 3. Scope of the remuneration policy

Taking into account:

- European Union Regulations and the relevant technical regulatory standards of the European Banking Authority,
- the size of the company and the nature of its services,
- the current job profile of the Bank's employees
- and the powers and responsibilities granted within the Bank,

The Board of Directors of Delen Private Bank Luxembourg S.A., on its own advice and on the additional advice of the Remuneration Committee of the parent company, has selected the following members of staff as "*Material Risk takers*":

- the members of the Board of Directors ;
- Members of the Executive Committee;
- the Head of the Finance Department ;
- the heads of the Risk Management, Internal Audit and Compliance departments;

It should also be noted that:

- with regard to management functions, the system of power implemented (i.e. joint signature of management members) ensures that risks are adequately mitigated;
- the control functions have no *decision-making powers* that could have a significant impact on the Bank's risk profile.

The rules set out in this policy apply to members of the Board of Directors and Executive Committee, risk-takers and all other employees.

The remuneration of the Executive Committee is determined by the Board of Directors; employee remuneration is determined by the Executive Committee together with the Chairman of the Board.

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## **4. Outline of remuneration policy**

In the light of these principles, the Bank has set out the broad outlines of its remuneration policy as follows:

### **4.1 The members of the Board of Directors**

All Delen Group entities are supervised by the European financial authorities and are subject to the same regulations. They have implemented a similar remuneration framework.

The members of the Bank's Board of Directors carry out their duties free of charge and receive no remuneration for doing so, with the exception of the independent director(s), for whom remuneration is provided proportionate to the complexity and risk profile of the Bank. This ensures that conflicts of interest are dealt with appropriately. The members of the Executive Committee are invited to attend meetings of the Board of Directors. They are not remunerated in their capacity as directors, but solely in respect of their function within the Bank's Management, in accordance with the principles set out below.

### **4.2 The members of the Executive Committee**

Executive Committee members receive fixed remuneration, which may be supplemented by limited variable remuneration.

#### **(i) Fixed remuneration**

All members of the Executive Committee receive sufficient fixed remuneration, determined by the Board of Directors represented by its Chairman, to enable the Bank to adopt a flexible variable remuneration policy, including the possibility of not awarding variable remuneration.

Salary increases are also decided by the Board of Directors. These increases are based on the personal merits of each individual, always in line with the general principles described in point 2 above.

#### **(ii) Variable remuneration**

Executive Board members may receive variable remuneration based on their personal performance, the achievement of global objectives and the Bank's results.

Bonuses are not automatically granted. Members of the Executive Board do not receive contractual bonuses. Furthermore, bonuses cannot be paid if the Bank's financial results do not allow it.

Directive 2013/36/EU, as amended by Directive 2019/878/EU, requires credit institutions to set a ratio between fixed and variable remuneration for persons whose professional activities have an impact on the Bank's risk profile. Variable remuneration may not exceed 100% of fixed remuneration. Following the rules of the parent company, the amount of variable remuneration (i.e. the bonus) is limited. Variable remuneration complies with the proportionality criterion laid down by law.

The members of the Executive Committee do not currently benefit from any Group stock options.

## **4.3 Rules applicable to the Bank's other staff members**

Delen Private Bank Luxembourg ensures that its employees under contract comply with the provisions of the current collective employment agreement for bank employees.

### **(i) Fixed remuneration**

Fixed remuneration is the main component of total cash remuneration received on a periodic basis. It remunerates the skills of staff members and is guaranteed independently of performance. Remuneration is based on (i) the complexity and responsibilities of the job, and (ii) Luxembourg market conditions.

The Bank ensures that its fixed remuneration is sufficiently high to retain its staff. Fixed remuneration is determined by the Executive Board in consultation with the Chairman of the Board of Directors. Any adjustments are decided on the basis of the personal merits of members of staff. They are awarded on the basis of the specific achievements and performance of the employee concerned.

### **(ii) Variable remuneration**

In principle, the Bank does not pay variable remuneration to members of staff. Where applicable, the Bank will ensure that it complies with the points relating to variable remuneration set out in EBA guidelines 35-43-3565 of 03/04/2023.

## **4.4 Responsibilities of the control functions**

### **(i) Fixed remuneration**

Controllers and department heads receive fixed remuneration based on their experience and skills. This remuneration is in no way linked to their performance or the departments for which they are responsible.

The Bank takes care to offer a sufficiently high fixed remuneration to retain its employees. Fixed remuneration is the only remuneration that these people receive, since in principle they do not receive any variable remuneration.

Remuneration for control functions and department heads is discussed annually with the Chairman of the Board. Increases are awarded on the basis of the actual achievements and performance of the employee concerned. For employees covered by collective employment agreements, the Bank complies with the provisions regarding increases for seniority as set out in the collective employment agreement for bank employees in force in Luxembourg.

## **(ii) Variable remuneration**

Persons exercising control functions and department heads do not receive variable remuneration or annual bonuses. Their remuneration is not linked to the performance of the activities they supervise and control, so as not to risk impairing their objectivity. Given the size of the Bank and the nature of its activities, they cannot have a decisive impact on the Bank's risk profile.

Occasionally, bonuses may be awarded on an exceptional basis to reward a specific performance. These bonuses are discretionary and are not linked to individual performance targets. When a bonus is paid, it complies with regulatory criteria.

## **5. Governance - decision-making process**

Management reviews remuneration each year, based on proposals from the Human Resources department. The Executive Committee then issues an opinion to the Board of Directors. It is ultimately the Board of Directors that determines remuneration on the basis of this advice.

Within the remuneration policy, a governance section defines the roles and responsibilities for the design, implementation, supervision and review of the remuneration principles and policy.

The remuneration policy is approved by the Board of Directors and is subject to an annual review. The Compliance Department ensures that the remuneration policy complies with the legal provisions in force. The Executive Committee is responsible for monitoring the practical implementation of this remuneration policy.

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Delen Private Bank Luxembourg S.A.  
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