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Integration of sustainability risks into the remuneration policy

Pursuant to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability related disclosures in the financial sector ("SFDR"), the remuneration policy of the Bank also accounts for sustainability risks.

Sustainability risk refers to any environmental, social or governance (ESG) event or condition which, if it occurs, could have an actual or potential negative impact on the value of an investment.

The Bank has identified the employees and client relationship managers exposed to sustainability risk and has adopted the structure of the remuneration so as to ensure the responsible management of sustainability risk within the investment process.

Furthermore, as a general rule, employees are not incentivized to recommend or sell specific financial products or instruments, be they ESG oriented or not. Rather, the remuneration is defined so as to support the Bank's objective to conduct its business in an honest, fair and professional manner in order to best serve the interest of its clients. As such, investment decisions and investment advice shall always be embedded within the investment objectives and preferences as expressed by the client.

The Bank has an ongoing and resolute commitment to promote responsible and sustainable investment[1]. The remuneration policy therefore aims to support decision making in compliance to the applicable sustainability risk control framework.

[1] The Bank has been closely following the developments in sustainable finance and is taking steps in this regard. However, it must be acknowledged that this is a multi-year process with a number of regulatory developments and strategic alignments still to come. As such, the depth and breadth of the service offering, the business model and respective compliance standards will change accordingly. This will obviously impact the level of how sustainability will be incorporated into the remuneration policy and therefore up-coming modifications in this field are to be expected.