

## Compensation report

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**“Deliver a great place  
to work for people  
who want to excel.”**



**Bruno Basler**  
Chairman of the Nomination and Compensation Committee

**Our compensation policy is aligned with our corporate essence and its core values. Since 2004, our compensation system has supported employees who take responsibility and display entrepreneurship and foresight while placing clients at the center of all that they do.**

# Shareholders' letter

## Dear shareholders

Our compensation policy is aligned with our corporate essence and its core values. Since 2004, our compensation system has supported employees who take responsibility and display entrepreneurship and foresight while placing clients at the center of all that they do. The consistent and predictable nature of the compensation system over time is extremely valuable and has proved to be in the interests of all Vontobel stakeholders.

An important feature of our compensation system is that it encourages all employees to participate in our share participation plan. This promotes an entrepreneurial, prudent and long-term mindset and approach among all our employees and management. More than 68 percent of all Vontobel employees now take part in the share participation plan. At the end of 2022 members of the Executive Committee held an average of more than five times their base salary in Vontobel shares. Furthermore, both our compensation system and individual compensation payments are consistently aligned with the “Pay for Performance” principle: If the financial value created by Vontobel increases, compensation will, on average, also increase. And if value creation decreases, then compensation also decreases. “Pay for Performance” also means that a relatively high proportion of total compensation at Vontobel is variable. The benefit of this is that despite significant variations in business cycles, our level of personnel expense relative to operating income has remained very stable over the last 18 years, amounting to an average of around 50 percent. This also has the effect of reducing the volatility of Vontobel's net profit, dividend and investment power and thus enables a more consistent policy.

Our compensation system helps us recruit, develop and retain the best talent. When recruiting new employees, we strive to attract people with integrity who are right for our company and who value our culture. In this context, we place an emphasis on attracting talented individuals who believe they can achieve success at and with Vontobel and are therefore willing to assume entrepreneurial risk and to join the company on a base salary that sometimes is lower by market standards. If employees are successful and deliver a good performance over the long term, their compensation – together with the share participation plan – will develop in line with or exceed slightly market rates. It is in Vontobel's interests to not only attract but also retain top performers.

## Equal pay analysis

The Federal Act on Gender equality (GEA) was revised as of July 1, 2020 and supplemented by an obligation for employers to conduct an internal equal pay analysis for firms of 100 or more employees, as well as an independent review of the equal pay analysis. The Competence Centre for Diversity and Inclusion (CCDI-FIM) of the HSG prepared a statistical pay equality analysis using the Logib method which showed that Bank Vontobel AG and Vontobel Asset Management AG comply with the principle of equal pay for men and women. The Social Partnership Office for Equal Pay in the Banking Industry (SF-LoBa) independently reviewed the analysis and confirmed not only that it was formally correct, but also that it complied with all the requirements of the SF-LoBa industry seal of approval. In addition, our market studies show that we are always very mindful of paying fair wages in line with the market, regardless of gender. Each year, we conduct an in-depth review of our salary details with the help of available market data. The results of these analyses are incorporated directly into the upcoming compensation rounds.

## Dialogue with our investors

We engage in a regular dialogue with our investors and discuss their thoughts on our compensation policy. We are grateful for all of their suggestions, review them carefully and implement them as far as possible, where this makes sense for our company. For example, we are responding to their calls for greater transparency and are providing the most detailed information possible about the evaluation of the Executive Committee's performance. Our base salaries and annual variable compensation are the subject of carefully prepared decisions by our management bodies.

## Pay for performance

2022 was a period of major challenges and imponderables. As a global investment firm specializing in wealth and asset management for private and institutional investors, as well as investment solutions, Vontobel has proven investment expertise that benefits our clients in all market environments. In the short term, however, the exceptional market conditions in 2022 left their mark on the development of client assets, gross margins and net new money. In the period from 2002 to 2022, Vontobel recorded almost a fivefold increase in assets under management, which grew from CHF 45.4 billion to CHF 204.4 billion. The decrease of CHF 39.3 billion compared to 2021 was primarily attributable to negative performance effects due to price losses in equity and bond markets. The negative inflow of net new

money and negative overall currency effects also led to a reduction in the asset base. Since February 2022, institutional investors have generally reduced risks – especially in the case of actively managed assets – and they have tended to defer reinvestments to the future. In the course of 2022, the business with asset management clients therefore recorded net outflows of CHF 10.6 billion, which were not offset by the broad-based growth in Wealth Management. Growth in net new money reached 5.6 percent in Wealth Management, and in Asset Management it was negative at -7.4 percent. In total, net new money was CHF -5.2 billion, corresponding to negative growth of -2.1 percent. Vontobel generated operating income of CHF 1,285.1 million in 2022, down 16 percent compared to the prior year (CHF 1,536.6 million). Compared to 2020 (CHF 1,265.5 million), however, operating rose slightly (+2 percent). As a globally active investment firm, Vontobel generated 65 percent of its operating income from the commission business, of which 90 percent comprised recurring income. In 2022, we continued to invest in strategic projects but also took measures to contain costs in view of deteriorating market conditions. By adopting a sharper focus and leaner organization, we expect to generate additional gross cost reductions of CHF 65 million by the end of 2023.

With the proposed ordinary dividend of CHF 3.00, Vontobel is offering shareholders an attractive dividend yield of 4.9 percent (based on a year-end share price of CHF 61.30). Our strong capital ratios, which far exceed the regulatory minimum requirements defined by FINMA and our own targets, will enable us to achieve organic growth in the future and provide additional financial flexibility for potential acquisitions. Our sustained profitability in recent years also forms the basis for the solid return on equity in the performance period from 2020 to 2022. The average return on equity in these three years was 14.4 percent. The average BIS total capital ratio was 22.2 percent. Consequently, the multiplier for performance shares from the 2019 bonus, which will vest in spring 2023, is 144 percent.

#### **Say-on-pay**

Our shareholders approved all of the compensation proposals at the General Meeting of Shareholders 2022. The fixed compensation of the Board of Directors was approved by 95 percent of shareholders. The proposed fixed compensation of the Executive Committee was approved by 99 percent and the proposed bonus by 95 percent of shareholders. At the General Meeting of Shareholders 2023, you, our shareholders, will once again be given a prospective vote on fixed compensation and a retrospective vote on variable compensation. At Vontobel, you vote on the actual compensation amounts, meaning

that you retain full control over the compensation that is paid out. We are asking you to approve it at the General Meeting of Shareholders of April 4, 2023.

#### **Outlook**

Vontobel wouldn't be Vontobel if we didn't constantly look to the future. We are committed to securing Vontobel's success, both today and in the long term. This entrepreneurial tendency to look to the future is even more important as the world, our society and our clients change ever more rapidly due to the emergence of new opportunities in a digitized world. Consequently, one of the core functions of any Board of Directors is to constantly think about the company's long-term future and to take proactive steps to achieve continued improvements and become even more successful. A company that fails to attract new customers, grow and generate an appropriate return for its owners will not survive in the long term. At Vontobel, we want to continue to build on stable foundations and grow steadily. This is also reflected in our ambitious capital market targets. We also have a clear vision of how we intend to achieve these goals. By 2030, we want to be one of the leading and most respected investment firms that can attract, recruit, develop and retain outstanding talent that is a good fit for Vontobel. Our long-term ambition for 2030 remains unchanged. To help achieve it, the company will focus on four priorities over the next two years:

1. Delivering future-proof investment solutions
2. Delivering best-in-class private clients experiences
3. Accelerating our US growth
4. Scaling value creation

On behalf of Vontobel and the members of the Nomination and Compensation Committee, I wish to thank you for your trust and support, as well as for your feedback, which are greatly valued.



**Bruno Basler**

Chairman of the Nomination  
and Compensation Committee

# Compensation philosophy and how it is linked to Vontobel's strategy

## Introduction

Vontobel is a globally operating investment manager with Swiss roots. We have a long-term commitment to our employees and shareholders. Our philosophy is to promote a performance-oriented culture, to foster teamwork and to take a prudent approach to risk. We encourage entrepreneurial spirit and empower our people to take ownership of their work and bring opportunities to life. We want each individual to have the courage to express an independent perspective, even if that goes against the consensus view.

We firmly believe that every single employee makes a significant contribution to creating the Vontobel experience. Appropriate and fair compensation for our employees and compliance with local regulatory requirements in the markets in which we operate are important elements of our strategy.

We do not endorse any form of discrimination. All of our employment decisions, including compensation decisions, are based on the person's function, qualifications, performance and conduct, or other objective, legitimate business considerations.

## Link between Vontobel's corporate values and the compensation system

We strive to conduct our business responsibly on basis of concrete values. Our goal is to generate significant benefits for our customers by seizing opportunities. We also want to achieve this goal by shaping each individual customer experience on our own responsibility. Our core values guide us in our efforts to achieve this purpose and vision:

Driven by an ownership mind-set, we stand for empowerment and personal responsibility.

Our compensation structures place a significant emphasis on ownership through performance assessment criteria that consciously seek to reward behavior consistent with the desired ownership mindset. Share ownership is also a key element of our incentive structures.

We embrace independent thinking to capitalize upon the future. To do so, we promote creativity to develop insights that translate into opportunities that make a difference.

We encourage our employees to consider both the long-term impact of their decisions and the sustainability of the results generated. We determine variable awards based on long-term metrics. We also reinforce this view through the focus on share ownership at Vontobel.

Determined to deliver, we stay on course in a changing world. We are determined to overcome hurdles in order to put our clients ahead. We go the extra mile. We constantly improve and learn to work ever smarter.

We encourage this mindset in our employees through non-financial performance assessment criteria.

### Link between Vontobel's strategy and the compensation system

All Vontobel employees should be rewarded for their commitment and contribution. For this reason, our compensation principles link Vontobel's strategic priorities with each individual's total compensation package:

#### Priorities 2020–2022

1. Deliver the Vontobel experience
2. Deliver a pure-play investment firm to all clients
3. Deliver on tipping points to our future growth ambition
4. Deliver the power of technology, data & analytics
5. Deliver a great place to work for people

#### Compensation principles

- Pay for performance: A comprehensible overall compensation system that rewards contributions.
- Drive culture: Promote an ownership mind-set and courage. Foster performance- and team-oriented culture.
- Aligned and long-term oriented: Take account of the long-term interests of clients, employees, shareholders and the company.
- Competitive: Offer competitive compensation to attract and retain talent.
- Compliant: Commitment to comply with legal and regulatory requirements. Promote risk-consciousness and prevent conflict of interest.

#### Core principle of "Pay for Performance"

The principle of "Pay for Performance" lies at the heart of Vontobel's overall compensation system. This means that excellent employee performance and contributions to the long-term success of Vontobel are rewarded. The compensation system is designed to motivate employees at all levels of the company and is geared towards incentivizing future performance while not inducing excessive risk-taking.

Our guidelines are:

- There should always be a strong correlation between total compensation and the annual performance of the business and of the individual.
- Performance depends on various factors and is therefore variable. Consequently, we pay for performance through variable compensation elements.
- We incentivize the right behavior and reward employees who live the Vontobel experience.
- Strategic investments are important to ensure employee retention, meet business objectives or access new markets.
- In case of termination or misconduct no bonus is paid.

#### Compensation components

We are committed to providing each employee with a total compensation package that is fair, competitive, future-oriented and tailored to the role of the individual. The overall level of pay is in line with market practices and is linked to Vontobel's operational profitability. While the exact structure depends on the employee's function and location, the total compensation package generally consists of fixed and variable components, as well as social benefits.

#### Base salary

The fixed base salary is the foundation of each individual's total compensation package. The goal of the base salary is to provide a solid fixed income for the respective function.

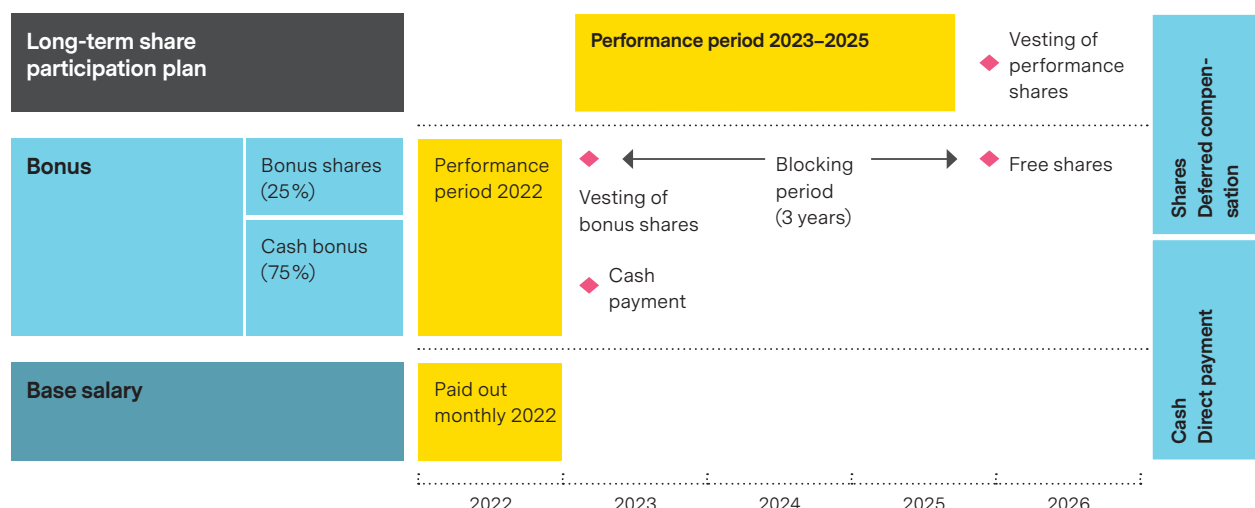
#### Variable compensation

While the base salary secures the employee's standard of living, variable compensation serves the purpose of motivating employees to strive for exceptional long-term performance. The variable component is split into bonus (cash or deferred) and long-term incentives. Variable pay is based on the performance at Group level down to the level of the Client Unit / Center of Excellence and entity as well as the individual's performance.

Variable compensation is influenced by various key objectives:

- Attract and retain highest-quality talents
- Promote Vontobel values
- Ensure compliance with external regulations
- Secure affordability for the company

Overview of employee compensation components:



## Bonus

We want to recognize employees who deliver outstanding results and contribute to the realization of business goals. The bonus is a short-term award that serves this purpose since it rewards employees for the contributions they made during the financial year. The bonus is generally paid out in the first quarter of the year, on a retrospective basis for the previous year.

Employees who receive a cash bonus can choose if they want to invest 25 percent of their cash bonus in bonus shares. Participation is therefore voluntary except in the case of certain employees who are subject to a mandatory investment requirement (e.g. management, high-risk functions, cash bonus above threshold). For employees who participate in long-term incentive plans (LTIs), a portion of the bonus is deferred by investing a defined amount in Vontobel shares (i.e. bonus shares). Since participants become Vontobel shareholders, the deferred bonus is a crucial element of our ownership mindset.

To avoid any real or perceived conflicts of interest, short-term incentives for employees working in control functions are not calculated solely on the basis of financial metrics, instead they take account of the achievement of function-specific non-financial key performance indicators.

## Long term incentive

Since each employee is important to Vontobel's overall success, we believe that each individual should participate in long-term value creation. In 2004, we therefore implemented an LTI that encourages ownership, foresight and tenacity and motivates each employee to deliver the edge.

In addition to the global LTI, variations of this plan were introduced to meet regional regulatory requirements, e.g. the inclusion of fund investments in the plan.

The main components that form part of all Vontobel LTIs are Bonus Shares and Performance Shares:

### Bonus Shares

Promote ownership through bonus shares: Employees receive the deferred bonus in shares of Vontobel Holding AG at a discounted price of 80 percent of the relevant market price. The shares are immediately transferred into the ownership of the individual but the recipient is required to hold the shares for a period of three years. During this period, the individual is also entitled to receive dividend payments.

### Performance Shares

Incentivizing future performance through performance shares: With the allocation of bonus shares, employees also receive a prospective entitlement to performance shares that they can exercise after a period of three years. The performance shares are transferred free of charge and there are no sales restrictions.



The amount of performance shares 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 of three years. 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. Every LTI participant will thus benefit from the discounted price of the shares, the dividends on the bonus shares as well as from the additional performance shares that are offered free of charge.

The number of performance shares is determined on a purely formulaic basis and therefore theoretically has no maximum limit. We have therefore introduced for this component of Executive Committee compensation – the only one not subject to the discretionary governance process – a cap of 250 percent on the multiplier used for the calculation of performance shares as from 2019. This cap applies solely to members of the Executive Committee for reasons of relevance and due to the impact on the risk/return tradeoff practiced by this managing body.

#### Link between variable components and the principle “Pay for Performance”

##### Link between the bonus and pay for performance

Our bonus system creates a high degree of transparency since all decisions are based on the performance of Vontobel, the Client Units / centers of excellence 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 the share plans and pay for performance

As a result of the investment of the bonus and the deferral of the award, the benefit is closely linked to both individual performance and the performance of Vontobel's business. Since employees are not allowed to sell their shares for three years (i.e. “blocked shares”), the actual benefit they realize depends on the development of the share price. In addition, the amount of additional performance shares varies in line with Vontobel's performance. In conclusion, each employee's benefit is dependent on the sustainable performance of the business at two levels.

		DISCRETIONARY INDIVIDUAL BONUS	BLOCKED BONUS SHARES	PERFOR- MANCE SHARES
Perfor- mance	Individual	✓	✓	✓
	Client Unit / Center of Excellence	✓	✓	✓
Time Horizon	<b>Retrospective</b> for performance delivered	✓	✓	
	<b>Prospective</b> Investment in future performance of the business		✓	✓



# Governance

## Compliance with regulatory requirements

We are committed to complying with regulatory requirements at all times and in all the regions where we do business. Due to the variety of countries in which Vontobel is represented, various regulatory frameworks governing compensation need to be taken into account. For example, Vontobel follows the AIFMD, UCITS, CRD IV and MiFID regulations in the EU and the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations (VegÜV). Additionally, Vontobel has voluntarily chosen to adhere to the FINMA remuneration principles in accordance with best practice.

The Board of Directors is responsible for ensuring that Vontobel's principle to always complying with all applicable regulations and even exceeding the minimum requirements in key territories is observed. In addition, the Board of Directors is responsible for ensuring that the compensation policy and level of pay do not expose Vontobel to an unacceptable level of 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.

## Responsibility for Vontobel's compensation system

To follow these principles, governance roles and responsibilities are clearly defined and shared across the organization:

- **Shareholders:** The General Meeting votes on the total compensation awarded to the Board of Directors (BoD) and the Executive Committee. The General Meeting also elects the members of the Nomination and Compensation Committee (NCC).
- **External auditors:** The external auditors review the financial statements, including compensation-related figures that are disclosed in the annual report.
- **Board of Directors:** The Board of Directors (BoD) delegates selected tasks to the Nomination and Compensation Committee (NCC), oversees all compensation related matters and has the final decision-making power. The Board of Directors is ultimately responsible for the compensation policy and its implementation, with responsibilities being delegated to the Nomination and Compensation Committee.
- **Nomination & Compensation Committee (NCC):** The NCC oversees Vontobel's entire total compensation system. End of year, the Nomination and Compensation Committee proposes the annual bonus pool to the Board of Directors and maintains an ongoing dialogue about the performance development with managers throughout the year.
- **Executive Committee:** The CEO makes a proposal to the Nomination and Compensation Committee each year regarding the compensation of the Executive Committee.
- **Internal Audit:** The role of Internal Audit is to contribute to the integrity of the entire process and to ensure it is comprehensive and adapted to the scale and complexity of the company. One of the goals of Internal Audit is to make sure that the compensation system does not define incentives that could lead to conflicts of interest. Internal Audit therefore acts completely independently and reports directly to the Board of Directors and regularly to the Risk & Audit Committee.
- **Control functions:** Human Resources, Finance, the Risk and Audit Committee and other control functions are involved in the oversight, design and allocation of employee incentives.
- **Heads of CU/CoE:** The management of each Client Unit / Center of Excellence 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.
- **Line Managers:** They 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.
- **Individual employees:** Each employee is responsible together with his line manager for setting his own goals and aligning them with the Vontobel experience. The individual collects regular feedback and engages in an ongoing dialogue about individual development.

## Say-on-pay motions proposed to the General Meeting of Shareholders 2023

### Overview of responsibilities for compensation and decision-making processes

The Board of Directors has overall responsibility for Vontobel's human resources policy and consequently also for its compensation policy. The Nomination and Compensation Committee (NCC) supports the Board of Directors in determining Vontobel's compensation principles and defining its compensation strategy. The NCC oversees the compensation of the Board of Directors, the Chairman of the Board of Directors, the members of the Executive Committee and the CEO, as well as basic elements of the compensation of all Vontobel employees.

RECIPIENT OF COMPENSATION	PROPOSED BY	DECISION ON PROPOSAL TO GENERAL MEETING	APPROVAL AT GENERAL MEETING
Board of Directors	NCC	Board of Directors	Shareholders
Chairman of Board of Directors	NCC	Board of Directors	Shareholders
Members of the Executive Committee	CEO / NCC	Board of Directors	Shareholders
CEO	Chairman of the BoD / NCC	Board of Directors	Shareholders

In accordance with the Articles of Association of Vontobel Holding AG (see Article 31: [www.vontobel.com/en-ch/about-vontobel/investor-relations/annual-general-meeting](http://www.vontobel.com/en-ch/about-vontobel/investor-relations/annual-general-meeting)) and the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV), Vontobel discloses the compensation awarded to members of the Board of Directors and members of the Executive Committee and puts it to the vote at the General Meeting of Shareholders.

The Board of Directors will hold the following votes on compensation at the General Meeting of Shareholders of April 4, 2023:

### Voting on compensation

	2020	2021	2022	2023	2024	2025
Consultative vote on Compensation Report 2022			Compensation system and governance			
Maximum aggregate fixed compensation of members of Board of Directors for forthcoming term of office				Compensation period		
Maximum aggregate fixed compensation of members of Executive Committee for period from 1 July 2023 to 30 June 2024				Compensation period		
Maximum aggregate performance-related compensation of Executive Committee for prior financial year that has ended			Performance period			
Additional amount for performance shares of the Executive Committee, which relate to bonus shares for 2019 (approved at the General Meeting of Shareholders 2020) and will vest in 2023.			Performance period			
Maximum aggregate amount for performance shares 2023–2025 of Executive Committee				Performance period		

— = General Meeting

In the event of one or more motions being rejected at the General Meeting of Shareholders 2022, the Board of Directors is required to call a new General Meeting within six months and to propose new motions for the approval of compensation to shareholders.

## Nomination & Compensation Committee (NCC)

The NCC consists of at least three members of the Board of Directors, who are elected each year by the General Meeting of Shareholders. In 2022, the NCC comprised the independent Board members Bruno Basler (Chairman of the NCC), Dr. Michael Halbherr and Clara C. Streit, as well as the non-independent Board member Björn Wettergren. Björn Wettergren represents the fourth generation of the Vontobel and de la Cour families.

The NCC maintains an intensive dialogue with management throughout the year and generally holds at least four meetings during that period. Each year, the extent to which Group-wide performance objectives have been achieved in quantitative and qualitative terms, as well as the CEO's proposal concerning the size of the variable bonus pool for the entire Group, are discussed in detail. The CEO and occasionally also the Head of Human Resources provide the NCC with explanations and advice on this matter. The CEO is not present during the part of the meeting when his compensation is determined.

## Benchmarks

We consider it necessary to offer competitive compensation in order to attract and retain talented professionals over the long term. The NCC therefore reviews the compensation levels of all employees once each year. During this process, compensation levels and structures are compared with those of similar positions in Vontobel's peer group in the finance industry. The NCC uses comparative data from publicly accessible sources, information provided by renowned market data providers and talent recruitment information for this purpose. The results of this compensation comparison are used, among other things, as the basis for determining individual compensation.

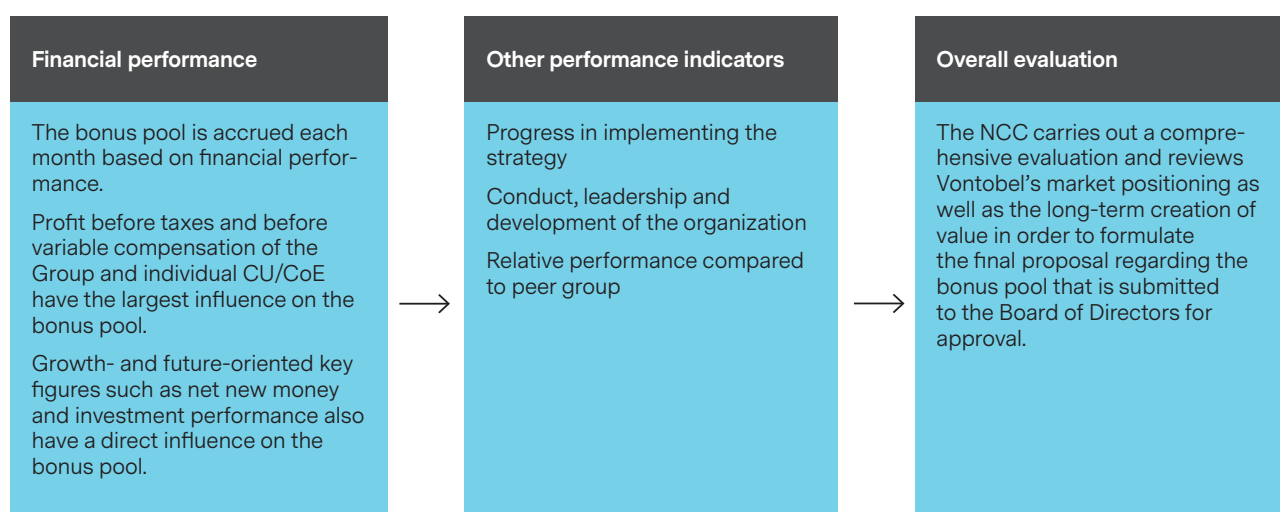
The current peer group used to assess the appropriateness of our compensation is shown below:

### Peer group

Switzerland	Credit Suisse, EFG International, GAM, Julius Baer, Lombard Odier, Pictet and UBS
UK	Abn-Amro, Ashmore, Janus Henderson and Schroders
USA	Artisan Partners, Lazard and Franklin Templeton

## Vontobel Bonus pool

The bonus pool is used to finance the bonus of the Executive Committee and employees. It is determined using the following three-stage process:



Vontobel Asset Management in the US and TwentyFour Asset Management in the UK have their own compensation systems and receive variable compensation that is not part of the bonus pool.

## Allocation of bonus

The allocation of the total bonus pool to the individual Client Units and centers of excellence (areas) is managed by the CEO using a clearly defined process. The following elements form the basis for the allocation of a bonus pool:

- **Vontobel Bonus Pool:** the available total bonus pool approved by the Board of Directors
- **Area Base Line:** is the starting point for the bonus allocation and is based on a “same for same” bonus simulation. This takes into account the change in number of employees, the results of external and internal market studies and the results of the equal pay analyses, but not the performance of the respective area.
- **Area Performance Score:** is the result of the annual assessment of the individual Client Units and centers of excellence. The performance score is the result of the following parameters:
  - Performance metrics:** “what has been achieved” measures the achievement of specific predefined key performance indicators (KPI’s)
  - Health & ESG metrics:** “does it contribute to the long-term development of Vontobel” measures the contribution to the corporate strategy/business plan (light-house) using the predefined key figures (quantitative, qualitative and ESG KPI’s).
  - Risk & Compliance metrics:** “how has it been achieved” measures the achievement of specific risk indicators as well as qualitative risk behavior.

Within the Client Units and the centers of excellence, an individual’s discretionary variable bonus is also determined using quantitative and qualitative assessment criteria 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 Global Executive Board, CEO and corresponding Area Head.

## External consultants

Vontobel obtains anonymized comparative data from external compensation consulting firms such as Willis Towers Watson and AON McLagan, as well as Kienbaum. This information serves as an important basis when determining compensation – especially in an environment characterized by significant market and regulatory changes.

In the case of our entities outside Switzerland, we obtain advice from Mercer LLC on pension and social benefits.

The NCC has commissioned PricewaterhouseCoopers AG (PwC) to provide independent advice and support with regard to the review and further development of our compensation model as well as in respect of general compensation-related questions such as changes in international guidelines and rules.

The above mentioned consultant have other mandates within Vontobel. However, these other mandates are performed outside the Compensation and Benefits unit.

## Periodic review of the system

The Compensation Regulations (regulations governing Vontobel’s share participation plan, including the related brochure) were approved by the Board of Directors of Vontobel Holding AG on December 16, 2004 and continue to apply in their current form. Each year, the compensation system is discussed by the NCC from various perspectives.

Base salaries and annual variable compensation are the subject of carefully prepared decisions by our management bodies. Only our Long Term Incentive Program, which comprises performance shares, is calculated on a purely formulaic basis and theoretically has no upper limit. For this reason, the NCC decided in 2018 to introduce a cap of 250 percent on the multiplier used for the calculation of performance shares for members of the Executive Committee from 2019 (applicable for the first time to the performance period 2019 to 2021).

In 2016, the NCC approved the introduction of a Variable Compensation Agreement (VCA) for individual employees that also reflects regulatory requirements in the European locations in which Vontobel operates. The Executive Committee is not affected by this arrangement.

## Change of control clauses

The contracts of members of the Board of Directors (including the Chairman) and the Executive Committee (including the CEO) do not make provision for any agreements in the case of a change of corporate control (referred to as change of control clauses). In the event of a change of control, any entitlements arising from the share participation plan will, however, be met immediately if the plan cannot be continued.

## Notice periods and severance agreements

Vontobel Holding AG or companies controlled by it may conclude mandate agreements or employment contracts of limited or unlimited duration with members of the Board of Directors. The duration and termination of such agreements are based on the term of office and applicable law.

Vontobel Holding AG or companies controlled by it may conclude employment contracts with members of the Executive Committee. Employment contracts of limited duration are subject to a maximum duration of one year but may be renewed. The maximum notice period for employment contracts of unlimited duration is 12 months. If the employment relationship is terminated, the company or companies controlled by it may release a member of the Executive Committee from his duties with immediate effect and/or conclude a termination agreement.

In principle, the employment contracts of Vontobel employees (including members of the Executive Committee) are subject to a notice period of a maximum of six months. In the case of the Chairman of the Board of Directors, notice must be given in the fourth quarter of the relevant year. The contracts concluded with the members of the Board of Directors (including the Chairman) and the members of the Executive Committee (including the CEO) do not contain any clauses relating to severance payments.

## Loans to governing bodies

The company may grant a member of the Board of Directors or a member of the Executive Committee credits and loans at standard market rates or generally applicable employee terms and conditions up to an amount of CHF 50 million.

To the extent permitted by law, the company may grant an advance to members of the Board of Directors or members of the Executive Committee to cover court costs and lawyers' fees in connection with legal proceedings, lawsuits or investigations – whether under civil, criminal or administrative law or of another nature – that are connected with their duties or with the fact that they are or were members of the Board of Directors or the Executive Committee.

# Compensation of the Board of Directors

## Compensation system

### Compensation principles

The range of duties performed by a bank's Board of Directors is prescribed by law and by the financial market supervisory authority. The overall supervision and direction of the company are the non-transferable and irrevocable duties of the Board of Directors in its capacity as the supervisory and defining body. A Swiss Board of Directors has an extended range of responsibilities, duties and powers compared to Boards of Directors in other countries. The Board of Directors of Vontobel should be able to perform the overall direction and supervision of the company without restriction. It is also intended to serve as a credible counterbalance to the Executive Committee and should be able to act independently. Based on this, Vontobel has defined the following compensation principles for its Board of Directors:

- Competitive compensation that reflects the competences and experience of members of the Board of Directors and the value they contribute
- It consists exclusively of fixed compensation
- Participation in the long-term performance of the company through shares

The compensation proposed to the General Meeting of Shareholders is decided by the Board of Directors.

### Compensation components

The compensation of the members of the Board of Directors consists of the following components:

### Duties and roles

#### Board of Directors

The Board of Directors defines the business strategy and formulates guiding principles for the bank's corporate culture. It signs off the company-wide risk management framework and is responsible for issuing regulations, establishing and monitoring an effective risk management function, and managing overall risks. Furthermore, the Board of Directors establishes a suitable organizational structure and has ultimate responsibility for the company's financial position and development. The Board of Directors is responsible for ensuring that the company has an appropriate number of employees and other resources (e.g. infrastructure, IT) and for its human resources and compensation policies. It oversees the work of the Executive Committee and is, among other things, responsible for ensuring that there is both a suitable risk and control environment within the company. In this way, it has a decisive influence on the strategy, structure and culture of Vontobel. In order for the Board of Directors to perform these duties credibly and to act independently from the Executive Committee, it must be composed of qualified and experienced members, while ensuring an appropriate level of diversity.

#### COMPENSATION COMPONENTS

<b>Fixed fee</b>	50% paid in cash	The fixed fee for the mandate as a member of the Board of Directors of Vontobel Holding AG is paid half in cash and half in shares.
	50% paid in shares	The allocation of shares that are blocked for a period of three years serves as a long-term incentive, resulting in an alignment with shareholder interests. Members of the Board of Directors thus participate in the long-term success of the company and the long-term performance of the Vontobel share.  Shares are allocated at an accepted value of 80% of the average price in the month of December of the year prior to the year in which the payment is paid out. These shares may not be sold, pledged or transferred during the blocking period.
<b>Further fees</b>	100% paid in cash	The fee for the mandate as a member of the Board of Directors of Bank Vontobel AG, which is controlled by Vontobel Holding AG, and the daily fees/meeting attendance allowance as well as expenses are paid 100% in cash.
<b>Pension payments</b> (only for the Chairman of the Board of Directors)		The Chairman of the Board of Directors has an ordinary employment relationship in Switzerland. He therefore receives statutory pension fund benefits like all other employees. The other members of the Board of Directors do not receive pension fund benefits.



### Chairman of the Board of Directors

The Chairman presides over the Board of Directors as a whole and represents it internally and externally. The Chairman has a key role in shaping Vontobel's strategy, communication and culture. With the election of Andreas E.F. Utermann at the 2022 General Meeting, Vontobel has a strong and experienced Chairman who exercises a central function within the Board of Directors on a full-time basis. As in previous years, his compensation was set at CHF 2.5 million, which – based on a multi-year average – corresponds to the level of compensation of a member of the Executive Committee.

The fixed aggregate compensation of members of the Board of Directors, including the Chairman of the Board of Directors, which is proposed to the General Meeting of Shareholders for the forthcoming term in office includes a reserve for the following other compensation components: Employer contributions to the pension fund and supplementary fund, daily fees and meeting attendance allowances. The amount that serves as the basis for the vote on compensation does not include social security contributions (AHV, ALV, IV) or additional advisory fees that are unrelated to the function as a member of the Board of Directors and are disclosed separately in the Annual Report.

## Actual compensation (audited information)

### Compensation for the financial year

For the financial year 2022, compensation totaling CHF 4.5 million (previous year CHF 4.4 million) was paid to the

members of the Board of Directors. Of this sum, CHF 2.7 million was paid in cash and CHF 1.8 million in the form of share-based compensation.

### Compensation of the members of the Board of Directors for the financial year (pursuant to Art. 663b<sup>bis</sup> of the Swiss Code of Obligations)

NAME	FUNCTION	COMPENSATION PAID IN CASH CHF 1,000	COMPENSATION PAID IN SHARES <sup>1</sup> CHF 1,000	OTHER COMPENSATION CHF 1,000	2022 TOTAL FIXED COMPENSATION CHF 1,000	2021 TOTAL FIXED COMPENSATION CHF 1,000
Andreas E.F. Utermann <sup>3</sup>	Chairman	952.2	848.3	114.8 <sup>2</sup>	1,915.3	158.9
Bruno Basler	Vice-Chairman	204.3	60.0		264.3	253.6
Dr. Maja Baumann	Member	148.5	60.0		208.5	209.3
Dr. Elisabeth Bourqui	Member	148.3	60.0		208.3	204.4
David Cole	Member	168.3	60.0		228.3	230.1
Dr. Michael Halbherr <sup>3</sup>	Member	143.5	60.0		203.5	153.4
Stefan Loacker	Member	148.5	60.0		208.5	209.1
Clara C. Streit	Member	144.5	60.0		204.5	203.6
Björn Wettergren	Member	144.5	60.0		204.5	204.4
<b>Total</b>		<b>2,202.4</b>	<b>1,328.3</b>	<b>114.8</b>	<b>3,645.6</b>	<b>1,826.8</b>
<b>MEMBERS RESIGNED</b>						
Herbert J. Scheidt <sup>5</sup>	Chairman	416.7	416.7		833.3	2,500.0
Dr. Frank Schnewlin <sup>6</sup>	Vice-Chairman					61.2

1 Allocation of shares of Vontobel Holding AG that are subject to a holding period of three years, during which they cannot be sold.

2 Contribution to pension funds

3 Member of the Board of Directors since April 20, 2021; Chairman of the Board of Directors since April 6, 2022

4 Member of the Board of Directors since April 20, 2021

5 Retired from the Board of Directors on April 6, 2022

6 Retired from the Board of Directors on April 20, 2021

**Additional fees, related parties and similar information**  
None.

**Former members of the Board of Directors**

Compensation paid to members of the Board of Directors who stepped down during or prior to the previous year: None.

**Holdings of shares and options (audited information)**

NAME	FUNCTION	31.12.2022 OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE			31.12.2021 OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE		
		SHARES NUMBER	CALL OPTIONS	PUT OPTIONS	SHARES NUMBER	CALL OPTIONS	PUT OPTIONS
Andreas E.F. Utermann	Chairman	719					
Bruno Basler	Vice-Chairman	19,835			18,876		
Dr. Maja Baumann <sup>1</sup>	Member	6,663			5,704		
Dr. Elisabeth Bourqui	Member	5,524			3,759		
David Cole	Member	6,213			5,254		
Dr. Michael Halbherr	Member	719					
Stefan Loacker	Member	4,453			3,494		
Clara C. Streit	Member	12,293			11,334		
Björn Wettergren <sup>1</sup>	Member	6,417			5,458		
<b>MEMBERS RESIGNED</b>							
Herbert J. Scheidt	Chairman				392,388		

The calculation of the number of shares at the time of exercise reflects the exchange ratio of the respective options.

The above figures also include the share and option holdings of parties related to the members of Vontobel's governing bodies.

1 The figures stated do not include the indirect participations of members of the Board of Directors Dr. Maja Baumann and Björn Wettergren held through a group of shareholders ("shareholder pool") bound by a shareholder pooling agreement. Further information on the shareholder pool is provided in the Corporate Governance Report on page 31.

**Loans to governing bodies  
(audited information)**

As of December 31, 2022 no loans and credits to members of the Board of Directors were outstanding (previous year: CHF 0,0). As of December 31, 2022 and December 31, 2021 no fully secured loans and credits to related parties were outstanding. No loans to former members of the Board of Directors were outstanding that were not granted according to standard terms and conditions.

# Compensation of the Executive Committee

## Compensation system

### Compensation principles

The principle of “Pay for Performance” applies at Vontobel. The compensation system was structured in such a way as to ensure that the level of compensation paid to the members of the Executive Committee tends to be lower than the market rate in the first few years after they join the company but can increase if a good performance is achieved over more than three years thanks to the share participation plan. As a result, the members of the Executive Committee tend to have a relatively low base salary but receive higher variable compensation – provided Vontobel and the Client Unit or Center of Excellence they oversee perform well.

In the allocation of variable compensation, quantitative and qualitative objectives are assigned equal weighting when measuring and evaluating performance. In this context, the NCC takes account of criteria including:

- Performance of each member of the Executive Committee
- Financial performance of Vontobel and the relevant Client Unit / Center of Excellence
- Performance measured in relation to the finance industry peer group

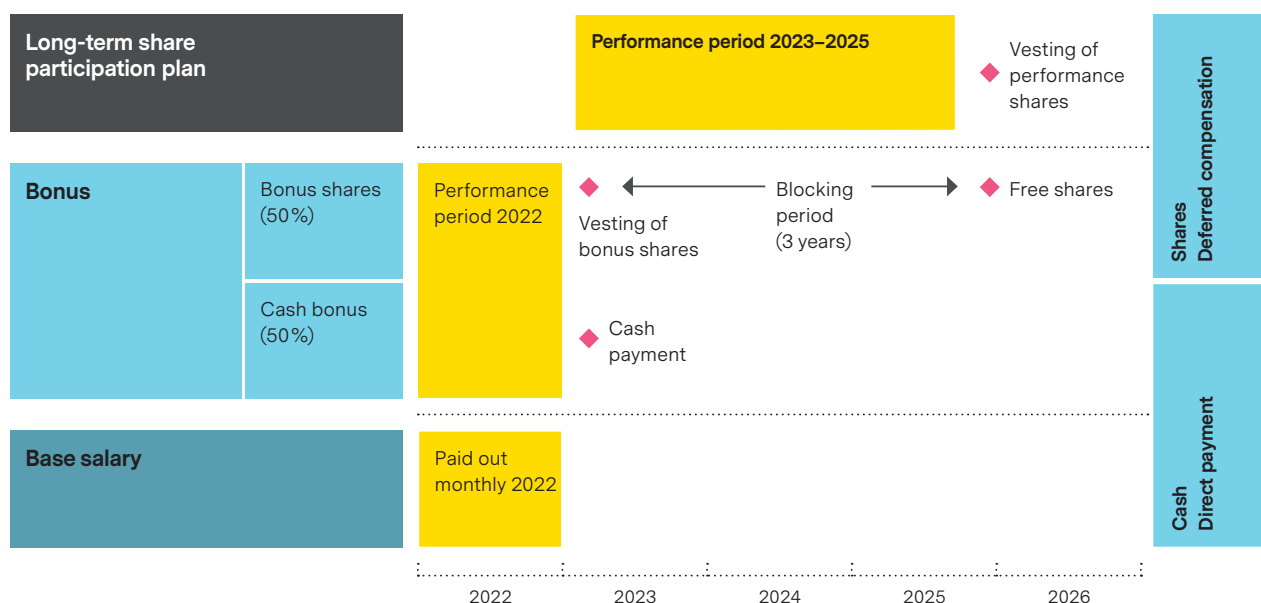
- Current market rates of compensation and efforts to achieve a compensation policy with a long-term focus, and
- Balanced distribution between groups of stakeholders

Formula-based compensation is not used for members of the Executive Committee at Vontobel. The Board of Directors reaches the final decision about the compensation proposals for the General Meeting of Shareholders at its own discretion.

### Compensation components

The compensation of the Executive Committee consists of a fixed compensation component (annual base salary) and a variable compensation component (bonus and long-term share participation plan). The fixed compensation component is determined on the basis of the individual function. The variable compensation component is determined on the basis of collective and also individual performance. This approach is designed to ensure that the compensation of the Executive Committee is largely dependent on the achievement of ambitious performance objectives.

Overview of Executive Committee compensation components:



The compensation of the members of the Executive Committee consists of the following components:

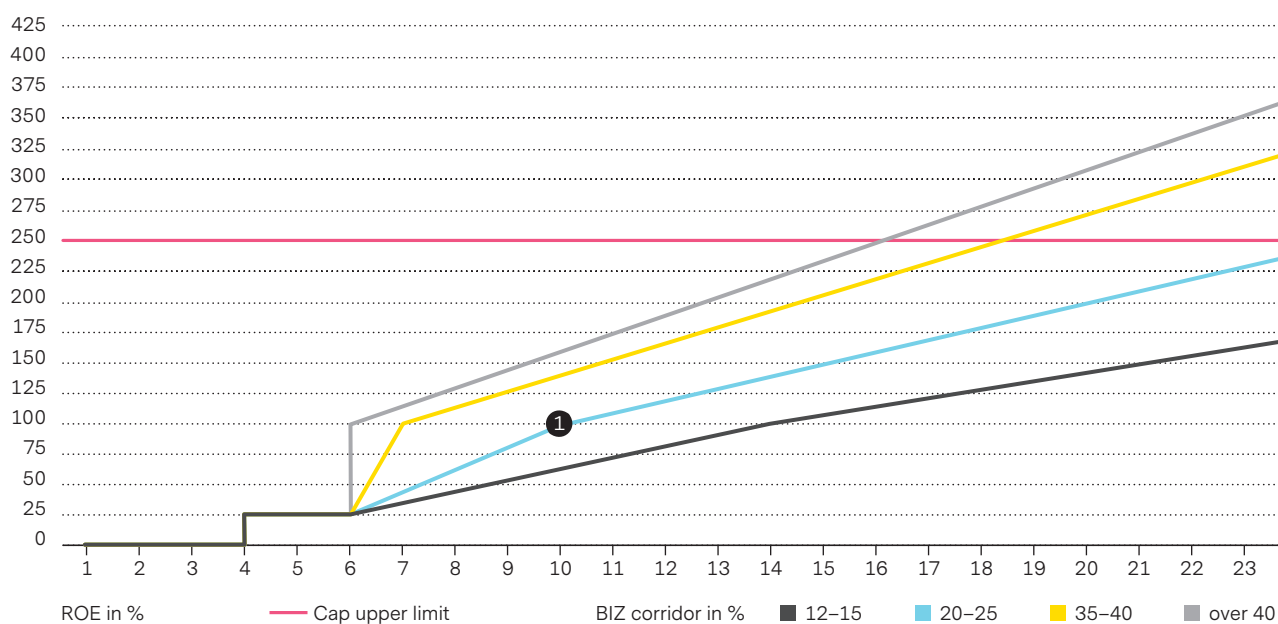
#### COMPENSATION COMPONENTS

<b>Base salary</b>	100% paid in cash	The base salary of each member of the Executive Committee is determined individually. The level of base salary is in line with our international peer group and is generally lower than the base salaries paid by our Swiss peers.
<b>Bonus</b>	50% paid in cash (cash bonus)	The bonus is based on the collective and individual achievement of quantitative and qualitative objectives. The bonus is paid half in cash and half in bonus shares.
	50% paid in shares (bonus shares)	<p>Bonus shares are allocated at an accepted value of 80% of the average price in the month of December of the year prior to the year in which the bonus is paid out. These shares are blocked for three years from the date of vesting and may not be sold, pledged or transferred during that period.</p> <p>If the company achieves a sustained good performance and its share price rises during the blocking period, the value of the bonus shares increases accordingly. However, if the share price falls, the bonus subsequently decreases – resulting in a dual financial loss for the member of the Executive Committee, since taxes have already been paid on the basis of the higher share price. This model ensures that members of the Executive Committee can participate in the successful performance of the company while also sharing the risks in the event of poor financial results.</p> <p>If the employment relationship is terminated, bonus shares that have already been allocated remain in the ownership of the individual members of the Executive Committee and continue to be subject to the blocking period even after the period of employment has ended.</p> <p>Further details of the share participation plan can be found in the brochure “Vontobel Share Participation Plan” at: <a href="http://www.vontobel.com/compensation-report">www.vontobel.com/compensation-report</a></p>
<b>Long-term share participation plan</b>	100% paid in shares (performance shares)	<p>Vontobel also pays part of its compensation in the form of long-term incentive components. They are paid in the form of registered shares of Vontobel Holding AG (performance shares) and are designed to promote loyalty to the company.</p> <p>Three years after receiving bonus shares, members of the Executive Committee are entitled to receive additional shares, known as performance shares (long-term incentive) if vesting conditions are met. This right depends on the performance of the business over the last three years, hence the name “performance shares”, as well as on the number of bonus shares received.</p> <p>When determining the performance of the business, Vontobel’s average return on equity (ROE) and average risk profile (BIS Total Capital Ratio) are taken into account. The multiplier resulting from these two parameters is defined using the average over the relevant performance period (the last three years or the last six half-year values). 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. One condition for the vesting of performance shares is that an average Group-wide return on equity of at least 4% is generated over the relevant three-year period. In addition, the BIS Total Capital Ratio must exceed 12%.</p> <p>If one of these requirements is not met, all rights to performance shares lapse (see chart on the next page for further details).</p> <p>Performance shares are only awarded to members of the Executive Committee who remain in an employment relationship on which notice has not been served three years after they received the bonus shares. In this way, performance shares also play an important part in ensuring that the Executive Committee is focused on the stable and successful development of Vontobel over the long term and in promoting loyalty to the company.</p>
<b>Employee benefits</b>		The members of the Executive Committee receive the same pension fund benefits as all other employees in Switzerland.
<b>Other compensation</b>		In general, the members of the Executive Committee do not receive any special additional benefits. They have the same additional benefits as all other employees in the location and the unit in which they work.

This chart shows the payout ratio for performance shares for selected BIZ ranges:

### Payout ratios for performance shares

Performance shares as a % of bonus shares (multiplier)



If an average ROE of 10 percent is generated and the average BIS Total Capital Ratio is 20–25 percent, the member of the Executive Committee would, for example, receive 100 percent of the performance shares at the end of the three-year performance period based on the current perspective. This means that the member would receive the same number of shares as performance shares that he or she already received as bonus shares at the beginning of the performance period (see point 1 in chart). The payout ratio or the multiplier used for the calculation of performance shares (as shown above) is capped at a maximum of 250 percent for members of the Executive Committee.

### Additional amount

If new members are appointed to the Executive Committee and take up their position at Vontobel after the General Meeting of Shareholders has approved the maximum aggregate amount of fixed compensation for members of the Executive Committee for the financial year concerned, an additional amount may be used for the compensation to be paid to these new members. The additional amount for each compensation period and for each new member corresponds to 40 percent of the last approved maximum aggregate amount of fixed compensation of the Executive Committee. This additional aggregate compensation includes any compensation for disadvantages incurred in the course of a change of employment (sign-on bonuses). If the additional amount is not sufficient to compensate for these disadvantages, the amount of the sign-on bonus exceeding the additional amount must be submitted to the next Ordinary General Meeting for approval.

### Objectives and their achievement

The Executive Committee has a sustained influence on the implementation of Vontobel's strategy and consequently on its business activities. In addition to this overall responsibility, the CEO and the other members of the Executive Committee are assigned quantitative and qualitative objectives, which are listed in the scorecard. Since each member of the Executive Committee performs a different function within the company, the objectives are indi-

vidually aligned to the areas of responsibility of each member of the Executive Committee. In this context, the CEO's objectives serve as the basis for the individual objectives of the other members of the Executive Committee.

The following objectives were defined for the Executive Committee for 2022 and were evaluated by the Board of Directors:

QUANTITATIVE OBJECTIVES (50%)		EVALUATION <sup>1</sup>
<b>Finance</b>	<ul style="list-style-type: none"> <li>– Achieve or exceed budget</li> <li>– Generate net inflows of new money</li> <li>– Enhance operating efficiency</li> <li>– Increase return on equity</li> <li>– Maintain capital position that significantly exceeds regulatory requirements</li> </ul>	<b>Inconsistent performance</b>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>– Implement strategic growth initiatives and priorities based on the defined interim goals for growth</li> <li>– Further strengthen core competencies</li> <li>– Drive organic growth in target markets</li> <li>– Capture opportunities created by technology</li> <li>– Supplement growth through M&amp;A</li> </ul>	<b>Effective performance</b>
QUALITATIVE OBJECTIVES (50%)		EVALUATION <sup>1</sup>
<b>Behaviour</b>	<ul style="list-style-type: none"> <li>– <b>Client focus</b> – always seek the best solution to deliver sustained success for our clients and Vontobel; strengthen client focus across all areas of Vontobel, especially through the implementation of specific customer journeys</li> <li>– <b>Results-driven approach</b> – achieve impact by focusing on objectives and results; think long term in order to realize sustainable and competitive growth</li> <li>– <b>Compliant conduct</b> – act with integrity and remain independent at all times; provide advice in accordance with our Code of Conduct and our guidelines and take appropriate account of risks; take comprehensive measures to guarantee continuous compliance with laws and regulatory requirements, with a particular emphasis on the recognition of risks related to money laundering; ensure the protection of client data and compliance with all applicable legal requirements</li> </ul>	<b>Highly effective performance</b>
<b>Leadership and development</b>	<ul style="list-style-type: none"> <li>– <b>Inspirational leadership</b> – recruit, retain, support and develop the best talent; define ambitious objectives and motivate employees to raise the benchmark for client service and quality of work; inspire others to deliver a top performance</li> <li>– <b>Transformative leadership</b> – demonstrate flexibility and be capable of leading in new operating conditions and adapting to them constructively; reach clear decisions and share them with the team</li> <li>– <b>Communication</b> – share own knowledge and experience with others; promote constructive collaboration as a team across functions and borders</li> <li>– <b>Diversity and Inclusion</b> – create an open and trustworthy environment that is free of prejudice and promotes diversity and equal opportunities</li> </ul>	<b>Highly effective performance</b>

<sup>1</sup> Vontobel Evaluation Grid: 1 Unsatisfactory performance/2 Inconsistent performance/3 Effective performance/4 Highly effective performance/5 Outstanding performance contribution

Based on its performance in a challenging market environment during the year under review, the Executive Committee achieved or exceeded part of the objectives set for the financial year 2022. Financial objectives were the only targets where its performance was rated as “inconsistent” in 2022. The exceptional conditions in financial markets in 2022 adversely affected the achievement of financial objectives. Wealth Management achieved pleasing growth in net new money of 5.6 percent, which was within Vontobel's target range. In Asset Management, growth in net new money was negative at -7.4 percent, as institutional investors

around the world have generally reduced risks since February 2022 – especially in the case of actively managed assets – and they have tended to defer reinvestments to the future. Vontobel generated operating income of CHF 1,285.1 million in 2022, down 16 percent compared to the prior year (CHF 1,536.6 million). Compared to 2020 (CHF 1,265.5 million), however, operating income rose slightly (+2 percent). In view of the market environment, Vontobel delivered a satisfactory Group net profit of CHF 229.8 million, down by 40 percent from the record Group net profit of CHF 383.8 million in 2021.

In a challenging operating environment in 2022, Vontobel continued to generate a good return on equity of 11.2 percent on its strong capital base, although this was somewhat below its mid-term target of 14 percent. Despite the acquisition of UBS Swiss Financial Advisers AG (SFA), which was fully funded with cash from Vontobel's balance sheet, the CET1 capital ratio increased to 16.7 percent at the end of 2022 (end of 2021 16.6 percent). The Tier 1 capital ratio, which is identical to the total capital ratio at Vontobel, rose to 23.8 percent (end of 2021 23.4 percent). The capital ratios continue to substantially exceed the regulatory minimum requirements defined by FINMA of 8.0 percent for the CET1 capital ratio, 9.8 percent for the Tier 1 capital ratio and 12.2 percent for the total capital ratio for category 3 banks, including Vontobel. Our own mid-term targets were thus also exceeded.

The Executive Committee successfully executed its strategic objectives in 2022. Many of the strategic priorities for 2020 to 2022 were achieved as planned. Vontobel is today one of the strongest brands in the Swiss financial sector. In addition, Vontobel has strengthened its market position in its focus markets, which represent more than 80 percent of global wealth. The acquisition of UBS' wealth management business for North American clients – UBS Swiss Financial Advisers AG (SFA) – that was announced in December 2021 as part of Vontobel's long-term growth strategy in the US progressed as planned. Vontobel is today the largest Swiss-domiciled wealth manager for US clients seeking an account in Switzerland for diversification purposes. Digital wealth management represented another focus topic in 2022. We have made targeted investments in digital solutions to take account of the growing client desire for hybrid advisory models combining personal and digital advice.

The Executive Committee consistently exceeded its qualitative objectives. For example, it further strengthened Vontobel's positioning in the market and vis-a-vis all stakeholders. A strong emphasis was placed on client focus. To deliver the best solutions and generate sustained success for our clients, the Executive Committee has, in particular, introduced specific Customer Journeys. In this context, ever stricter regulatory requirements have been implemented in good time. To achieve our targets and ensure we maintain a long-term view, it is essential to have an inspiring and dedicated leadership team in place that promotes talented employees in a targeted way, motivating them and setting the right objectives. Vontobel is about taking ownership, adopting a forward-looking approach and thinking independently for the benefit of our clients. Our sharper identity sends out

a clear signal and is an expression of what motivates us and how we create value for our clients.

## **Actual compensation (audited information)**

### **Compensation for the financial year**

The aggregate compensation of the Executive Committee decreased by 43 percent compared to the previous year. The variable bonus awarded to members of the Executive Committee based on an evaluation of their achievement of individual objectives was, on average, 1.08 times their base salary (previous year: 2.32).



## Compensation of the members of the Executive Committee for the financial year

FINANCIAL YEAR	FIXED COMPENSATION			PERFORMANCE-RELATED COMPENSATION		TOTAL <sup>4,5</sup> CHF M	NUMBER OF RECIPIENTS
	BASE SALARY CHF M	PENSION CHF M	OTHER COMPENSATION <sup>1,6</sup> CHF M	BONUS PAID IN CASH <sup>2</sup> CHF M	BONUS PAID IN SHARES <sup>2,3</sup> CHF M		
2022	3.0	0.5	0.0	1.6	1.6	6.7	4
2021	3.0	0.5	1.2	4.0	3.0	11.7	5
Change vs 2021 in %	0	20	-100	-60	-47	-43	-20

1 Other short-term employee benefits comprise claim payments, family allowance payments and preferential interest rates for mortgages.

2 Financial year 2022: Subject to the approval of the General Meeting of Shareholders 2023

3 A total of 33,262 (previous year 47,111 Vontobel Holding AG shares) were allocated to members of the Executive Committee. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.

4 Excluding flat rate compensation for expenses and employer contribution to AHV/IV/ALV.

5 The expense relating to performance shares is not included in "Total compensation for the financial year". The allocation of performance shares is shown separately in the following table "Allocation of shares from the long-term employee share-based benefit program".

6 2021: Includes a lump-sum death benefit to a former member of the Executive Committee.

## Allocation of shares from the long-term employee share-based benefit program

	2022 CHF M OR NUMBER	2021 CHF M OR NUMBER	CHANGE TO 2021	
			CHF M OR NUMBER	IN %
Market value of performance shares at the date on which they were allocated in CHF M <sup>1</sup>	4.9	3.3	1.6	48
Number of performance shares allocated	71,645	45,178	26,467	59
<b>Total number of persons receiving compensation</b>	<b>2</b>	<b>2</b>		
Market value of performance shares to former members of the Executive Committee at the date on which they were allocated in CHF M	6.6	6.2	0.4	6
Number of performance shares allocated to former members of the Executive Committee	97,381	85,856	11,525	13
Number of persons receiving compensation (former members of the Executive Committee)	4	5	-1	-20

The allocated performance shares are a long-term component of the compensation system and, as such, are not included in the previous table "Compensation for the financial year". Instead, they are shown separately in this table.

1 In accordance with the relevant IFRS rules the cost recorded as equity compensation benefits was CHF 3.8 M (previous year: CHF 2.5 M) and was included on a pro rata basis over the vesting period.

## Highest total compensation for the financial year

FINANCIAL YEAR	NAME	FUNCTION	FIXED COMPENSATION			PERFORMANCE RELATED COMPENSATION		TOTAL CHF 1,000
			BASE SALARY CHF 1,000	PENSION PLAN CHF 1,000	OTHER COMPENSATION CHF 1,000	BONUS PAID IN CASH CHF 1,000	BONUS PAID IN SHARES <sup>1</sup> CHF 1,000	
2022	Dr. Zeno Staub	CEO	1,000.0	153.0		650.0	650.0	2,453.0
2021	Dr. Zeno Staub	CEO	1,000.0	153.0		1,600.0	1,600.0	4,353.0

To determine the member of the Executive Committee with the highest total compensation, the conditional rights to receive performance shares associated with bonus shares are included in the calculation with a weighting of one performance share per bonus share.

1 The member of the Executive Committee was awarded 13,619 shares (previous year 25,551 of Vontobel Holding AG) as part of his compensation for the year under review. These shares are subject to a holding period of three years, during which they cannot be sold. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period. Those values will be known in spring 2024 respectively 2025 (cf. previous section "compensation components").

### Allocation of shares from the long-term employee share-based benefit program to the member with the highest total compensation

	31.12.2022	31.12.2021
Number of performance shares allocated	51,620	32,270

The number of performance shares allocated is calculated on the basis of the number of bonus shares received for the financial year 2018 (previous year 2017) as well as the performance of the business in the years 2019 to 2021 (2018 to 2020).

### Vesting of performance shares

The increase in profitability in recent years resulted in a pleasing increase in the return on equity in the performance period from 2020 to 2022. The average return on equity was 14.4 percent and the average BIS Total Capital Ratio was a solid 22.2 percent. Consequently, the multiplier for performance shares from the 2019 bonus, which will vest in spring 2023, is 144 percent.

### Multiplier of performance shares that have vested since 2004

The following table shows the key data and the multiplier since the introduction of the long-term share participation plan in 2004:

SERVICE PERIOD (BUSINESS YEAR)	PERFORMANCE PERIOD	ALLOCATION YEAR	DETERMINING FACTORS MULTIPLIER			MARKET PRICE AT ALLOCATION DATE IN CHF
			AVERAGE RETURN ON EQUITY (ROE)	AVERAGE BIS TOTAL CAPITAL RATIO <sup>1</sup>	MULTIPLIER	
2004	2005–2007	2008	18.9%	23.7%	189%	36.85
2005	2006–2008	2009	16.2%	22.1%	162%	24.00
2006	2007–2009	2010	12.2%	21.6%	122%	32.25
2007	2008–2010	2011	9.2%	21.5%	85%	36.40
2008	2009–2011	2012	9.0%	23.1%	81%	22.00
2009	2010–2012	2013	8.6%	24.6%	74%	30.95
2010	2011–2013	2014	7.9%	25.8%	73%	32.15
2011	2012–2014	2015	8.3%	25.1%	83%	43.35
2012	2013–2015	2016	9.6%	22.3%	93%	41.75
2013	2014–2016	2017	13.0%	20.1%	130%	55.60
2014	2015–2017	2018	14.5%	18.6%	121%	61.80
2015	2016–2018	2019	14.7%	18.8%	123%	55.20
2016	2017–2019	2020	13.4%	19.0%	112%	64.00
2017	2018–2020	2021	13.5%	19.3%	113%	72.55
2018	2019–2021	2022	15.4%	20.3%	154%	68.05
2019	2020–2022	2023	14.4%	22.2%	144%	n/a

1 Up to 31.12.2012: BIS Tier 1 Capital Ratio

### Additional fees, related parties and similar information

None.

### Former members of the Executive Committee

No compensation was paid to former members of the Executive Committee in 2022. The table “share allocation from the Long-Term Incentive Program” shows the allocation of performance shares to former members of the Executive Committee.

**Holdings of shares and options (audited information)**

NAME	FUNCTION	31.12.2022 OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE			31.12.2021 OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE		
		SHARES NUMBER	CALL OPTIONS	PUT OPTIONS	SHARES NUMBER	CALL OPTIONS	PUT OPTIONS
Dr. Zeno Staub	CEO	158,770			135,719		
Dr. Thomas Heinzl	CFO/CRO	15,254			7,269		
Dr. Maria-Antonella Bino	General Counsel	4,791					
Felix Lenhard	COO	55,474			50,968		

The above figures do not include rights to receive performance shares.

The calculation of the number of shares at the time of exercise reflects the exchange ratio of the respective options.

The above figures also include the share and option holdings of parties related to the members of Vontobel's governing bodies.

**Loans to governing bodies  
(audited information)**

As of December 31, 2022, fully secured loans and credits to and the promise of payment in favour of members of the Executive Committee of CHF 0.3 million were outstanding (previous year CHF 0.5 million). Thereof the highest amount; Dr. Thomas Heinzl, CFO / CRO, CHF 0.3 million. No loans to former members of the Executive Committee were outstanding that were not granted according to standard terms and conditions.

# Compensation of other employees

## Compensation system

### Compensation principles

Employee compensation is essentially based on the same model as for the Executive Committee and consists of the same components. Differences may arise in the case of individual employees due to market-specific compensation models for individual job profiles or due to local regulatory requirements.

### Long-term participation plan

In principle, the same participation plan is available to Vontobel employees as to the Executive Committee. However, the mandatory portion of the bonus that has to be taken in the form of shares differs between employees and members of the Executive Committee. Employees can opt to receive 25 percent of their bonus in the form of bonus shares of Vontobel Holding AG. For bonus amounts exceeding CHF 100,000, it is mandatory for employees to take 25 percent of the bonus in the form of shares. Individual employees who exercise roles that are defined by the Board of Directors as special positions are required to take 33 percent of their bonus in the form of shares.

### Variable Compensation Agreements

Additional agreements known as variable compensation agreements are used in the case of individual portfolio managers in the Center of Excellence Investments. As a result of these agreements, a part of the bonus for the concerned employees is linked to the performance of funds and is blocked for a period of three years. The cash portion of the bonus is reduced accordingly. Their participation in the share participation plan is not affected by this. These agreements align the interests of portfolio managers with those of clients. Furthermore, it increases the loyalty of the employees concerned to Vontobel and also fulfils regulatory requirements in certain countries.

### Vontobel Asset Management USA

Vontobel Asset Management USA has a compensation system in place that is aligned with local compensation practices. In addition, certain employees receive variable compensation that is not part of the Group-wide bonus pool. To align the interests of portfolio managers and clients, their part of the bonus that exceeds a specific threshold, is linked to the performance of funds and is blocked for a period of three years. Other employees take part in the Group-wide participation program.

### TwentyFour Asset Management

With the acquisition of the remaining 40 percent of TwentyFour Asset Management by Vontobel as of 30 June 2021, its compensation model was also revised and aligned with that of Vontobel. In particular, elements of the "Vontobel Share Plan" and those of the "Variable Compensation Agreement" were included.

# Confirmation of compliance with equal pay between women and men

**Bank Vontobel AG and Vontobel Asset Management AG comply with the principle of equal pay for men and women. As part of the new legal framework, an internal equal pay analysis was successfully carried out by external experts. The correct implementation of this analysis was subsequently verified by the Social Partnership Office for Equal Pay in the Banking Industry (SF-LoBa).**

## Context

The Federal Act on Gender Equality (GEA) was revised as of July 1, 2020 and supplemented by an obligation for employers to conduct an internal equal pay analysis. The revision of the law affects employers with 100 or more employees and aims to enforce the constitutional right to equal pay for equal work and work of equal value (Art. 8 para. 3 BV).

## Analysis method

An in-house pay equity analysis must be based on a demonstrably scientific method that is legally compliant for Switzerland. Such an analysis statistically examines whether equal pay is being complied between all women and men of an employer. Equal pay within the company is deemed to have been observed as long as any remaining unexplained pay difference is within the specified tolerance threshold of 5 percent.

## Basis of analysis

Bank Vontobel AG and Vontobel Asset Management AG decided to have the analysis carried out by external experts. For this purpose, the Competence Centre for Diversity and Inclusion (CCDI-FIM) of the HSG prepared a statistical pay equality analysis using the Logib method. The analysis was carried out within the statutory deadline with a cut-off date of 30 April 2021. The 1515 employees of Bank Vontobel AG and 239 employees of Vontobel Asset Management AG in employment at that date were taken into account. In accordance with the law, the only employees excluded from the analysis were apprentices, interns, temporary employees, seconded employees as well as disability and similar special cases.

## Analysis result



The result of the analysis shows that Bank Vontobel AG and Vontobel Asset Management AG comply with the internal pay equality between women and men within the specified tolerance threshold of "Logib" and therefore the label "Equal pay audited in

accordance with the requirements of the Equal Opportunities Act" could be issued.

## Social partnership control

The revised GEA requires an additional, independent check of the equal pay analysis carried out. Bank Vontobel AG and Vontobel Asset Management AG have decided to take advantage of the possibility of a social partnership review. The Social Partnership Office for Equal Pay in the Banking Industry (SF-LoBa) reviewed the analysis and confirmed not only that it was formally correct, but also that it complied with all the requirements of the SF-LoBa industry seal of approval.

# Questions and answers

Questions have repeatedly arisen in discussions with our investors and shareholders as well as when performing comparisons of Vontobel's compensation system with other compensation models. We carefully address these questions and assess their relevance for Vontobel. We have, among other things, responded to calls for complete transparency. In the following section, we look at the most important questions:

## Objectives

**Why doesn't the Compensation Report contain more detailed disclosures on objectives and the extent to which they are achieved?**

Quantitative and qualitative objectives are agreed and measured for each member of the Executive Committee. Due to competition considerations, we disclose objectives and the extent to which they are achieved on an aggregate basis because we don't wish to provide an insight into individual strategic objectives or the individual achievement of objectives.

## Caps (relative or absolute limit on compensation)

**Why has Vontobel not imposed any caps on bonuses?**

Individual caps on variable compensation result in upward pressure on fixed compensation. This development would lead to a less flexible cost structure and would not be in line with our corporate and performance culture, which have a long-term focus. Consequently, Vontobel has not imposed any relative or absolute caps on variable bonuses.

Vontobel has a balanced compensation system that ensures only sustained performance is rewarded. In the past, compensation was therefore always consistent with performance and the achievements of objectives. Furthermore, all compensation is put to the vote at the General Meeting of Shareholders (on a prospective basis for fixed compensation and on a retrospective basis for variable compensation). This gives shareholders full control over the compensation that is paid out.

**Why has Vontobel not defined any caps for the share participation plan?**

Our Long-term Incentive Program is risk-adjusted and has a natural cap, since the return on equity and Total Capital Ratio parameters run counter to each other on the one hand and have a de facto maximum limit on the other.

For example, since Vontobel was listed on the stock market in 1986, the return on equity has never exceeded 21.6 percent – the value achieved in 2006 prior to the financial crisis.

The increase in the capital ratio is also limited. On the one hand, Vontobel distributes a major proportion of its annual net profit to shareholders in the form of a dividend. On the other hand, the remaining profit is retained to finance organic growth and potential acquisitions. Consequently, an increase in the capital ratio can only be achieved slowly. However, we recognize that the calculation of performance shares is purely formulaic and therefore has no upper limit in theory. For this reason, we have decided to introduce a cap of 250 percent on the multiplier used for the calculation of performance shares for members of the Executive Committee from 2019.

## Target bonus

**Why has Vontobel not introduced a target bonus?**

The introduction of an additional rule in the form of a target bonus would not create any added value in the current process to determine compensation, since a retrospective vote on the concrete bonus amounts is held at the General Meeting of Shareholders.

## Shares for employees

**Does Vontobel increase its share capital in order to allocate bonus and performance shares?**

Vontobel purchases all of the shares required for the compensation of the Board of Directors, Executive Committee and employees in the market. This ensures that our compensation system does not result in any dilution of shareholders.

## Discount on shares

**Why is a 20 percent discount applied to the shares allocated to employees?**

The discount is to be viewed as a component of overall compensation and, as such, also forms part of the contractual negotiations with potential employees. In addition, the discount is a further incentive for employees to opt to receive shares despite the three-year blocking period.

Employees – excluding the Board of Directors and Executive Committee – have the option of receiving shares if their bonus is less than CHF 100,000. The discount serves here as an additional incentive to participate in the company over the long term. Shareholder interests are thus broadly anchored across the company. Vontobel shares received as part of the bonus are valued at the average share price on the SIX Swiss Exchange in the month of December and a 20 percent discount is applied to reflect the three-year blocking period.

### Peer comparison in participation plan

**Why isn't the performance of the peer group or a benchmark index incorporated into the long-term participation plan based on a formula, e.g. through the relative Total Shareholder Return (TSR)?**

Peer performance is naturally taken into account by Vontobel when determining variable compensation. Rather than using a formula-based component, it is taken into account via an individual quantitative and qualitative comparison, which is incorporated into the bonus allocation. Furthermore, if a relative TSR were to be taken into account, this would entail the risk of management adopting a procyclical approach. Management would, for example, have an incentive to participate in short-term market trends to avoid the share price coming under pressure – even if this would not make any sense for Vontobel in terms of business policy or from a long-term perspective.

In addition, it is only possible to compare different companies to a limited extent, since the TSR and share price always incorporate company-specific and market-specific factors that would then need to be individually “corrected” or “normalized”.

### Capital costs in compensation model

**Why are capital costs not taken into account in Vontobel's compensation model?**

Vontobel has set itself the target of generating a return on equity of at least 14 percent. This minimum requirement means that the cost of capital is taken into account when defining management objectives. In addition, all rights arising from the long-term share participation plan lapse if the average return on equity falls below 4 percent.

**Why do performance shares vest if the return on equity is 4 percent and is therefore below the cost of capital?**

The participation plan is designed to promote employee loyalty to the company over the long term. For this reason, the compensation model provides for an allocation of performance shares even if the return on equity is 4 percent, i.e. below the cost of capital. However, a correspondingly low allocation applies (25 percent). We expect the costs of the participation plan to be reduced significantly if a low return on equity is generated.

### Mandatory share ownership requirements

**Why is there no mandatory requirement for members of the Board of Directors and the Executive Committee to hold shares in Vontobel?**

Our compensation model results in the Board of Directors and Executive Committee building up a significant shareholding over time. In the case of the Executive Committee, for example, the mandatory requirement to take 50 percent of the bonus in shares automatically results in a minimum holding of Vontobel registered shares with a value equivalent to 50 percent of the variable compensation paid over the last three years. For this reason – and because management has not sold all of the shares that became free – the Executive Committee had an aggregate holding of Vontobel shares corresponding to 5 times its base salary at the end of 2022.

### Clawbacks

**Why are there no clawbacks at Vontobel?**

Vontobel has so far intentionally refrained from introducing clawbacks since they can give rise to the temptation to not disclose challenges and problems in order to avoid any clawbacks. Instead, Vontobel encourages and cultivates a corporate culture in which problems are disclosed, discussed and actively addressed. Furthermore, clawbacks are very difficult to enforce in practice and can only be implemented under certain circumstances.

### Total compensation

**Why doesn't Vontobel disclose the total amount of current compensation plus the value of vested shares from earlier participation plans?**

Vontobel provides a high level of transparency about compensation. Vontobel is one of a small number of companies that report allocated performance shares at vesting, meaning that the actual – rather than model-based or calculatory – compensation is shown.

If the compensation from the participation plan 2019 were to be added to the compensation for 2022, this would provide a misleading picture since the compensation stems from different periods.







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To the General Meeting of  
**Vontobel Holding AG, Zurich**

Zurich, 7 February 2023

## Report of the statutory auditor on the audit of the compensation report



### Opinion

We have audited the compensation report of Vontobel Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked "audited information" on pages 53 to 81 of the compensation report.

In our opinion, the information on remuneration, loans and advances in the compensation report (pages 53 to 81) complies with Swiss law and Art. 14-16 VegüV.



### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the remuneration report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited information" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



#### **Board of Directors' responsibilities for the remuneration report**

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



#### **Auditor's responsibilities for the audit of the remuneration report**

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd



Andreas Blumer  
(Qualified  
Signature)

Licensed audit expert  
(Auditor in charge)



Philipp Müller  
(Qualified  
Signature)

Licensed audit expert