

Vontobel

**Articles of Association
Vontobel Holding AG
Comparative Review Art. 28-31**

Current Text

Revised Text¹

Art. 28 – Compensation philosophy and guiding principles / the Vontobel Group’s compensation system

The Vontobel Group’s business policy is reflected by its compensation concept, which is designed to motivate employees at all levels of the Company to achieve shared and individual objectives. The concept centres on an integrated approach. The Vontobel Group’s compensation system is structured in such a way that the interests of all stakeholders are closely aligned. The share participation plan, which is based on a long-term perspective, also incorporates risk aspects. It thus provides an incentive for employees to contribute to the sustained success and stability of the Vontobel Group, in accordance with the principles set out by the Swiss Financial Market Supervisory Authority FINMA.

The Vontobel Group’s compensation system has the following objectives: it promotes a performance-oriented culture and fosters teamwork and a prudent approach to risk; it encourages an enterprising philosophy and actions among employees; it promotes a long-term commitment to the Company among top performers; and it positions the Vontobel Group as a competitive employer.

Employee compensation essentially comprises a fixed and a performance-related component (bonus). The performance-related component (cash bonus and bonus shares) – which represents a short-term performance incentive – takes account of the financial results of the Company and the organizational unit, as well as the employee’s individual contribution to the Company’s performance and profits.

In addition, part of employee compensation is paid by the Vontobel Group in the form of long-term incentive components. They are awarded in the form of registered shares of Vontobel Holding AG (performance shares) and promote loyalty to the Company, as well as encouraging employees to focus on the Company’s overarching medium-term and long-term objectives as defined by the Board of Directors.

Art. 28 – Compensation philosophy and guiding principles

The Vontobel Group’s compensation philosophy is designed to support the long-term and sustainable success of the Company’s business. Compensation is closely aligned with the medium-term development of the Company’s intrinsic value and profitability, but also takes into consideration individual and shared annual or multi-period objectives and key performance indicators. This ensures that the long-term interests of Vontobel Group’s key stakeholders are aligned.

[Paragraph 2 deleted]

Compensation typically comprises of both fixed and variable components. Variable compensation payments consist of a cash bonus or other monetary benefits, which reflect an individual and short-term company performance and of equity-based compensation, in particular under one or more share participation plans (or other participation, option or incentive plans), which typically provide for deferred compensation and are designed to create company value over the medium to long term. The corresponding participation plans and regulations are designed in accordance with Swiss and international best-practice principles, and follow the principles set out by the relevant regulatory bodies. They encourage a performance-based culture, working together as a team as well as the careful management of risks.

The equity-based compensation is made up of two elements, which in most cases are deferred and blocked either in whole or in part for a period of three years, namely (1) “bonus shares”, whose value reflects share price performance during this period, and (2) “performance shares”, whose value depends on a range of performance parameters over the whole three-year term. Bonus shares and performance shares may be subject to certain malus clauses during these periods.

¹ Proposed changes/additions are underlined.

Compensation may be paid by the Company or by companies controlled by it provided it is consolidated at the level of the Company and included in the vote on the approval of the applicable maximum aggregate compensation amount.

Compensation may be paid by the Company or by companies controlled by it, provided that they are included in the vote on the approval of the applicable maximum aggregate compensation amount.

Art. 29 – Compensation of members of the Board of Directors

All members of the Board of Directors are entitled to receive fixed compensation, with 50% of the defined compensation amount being paid in the form of shares that are blocked for a period of three (3) years. In line with the provisions of the share participation plan, the cash amount is converted into a specific number of shares at 80% of the reference price set by the Board of Directors, or by the Compensation Committee if so delegated.

Art. 29 – Compensation of members of the Board of Directors

All members of the Board of Directors are entitled to receive fixed compensation, with a substantial portion of the defined compensation amount being awarded in the form of equity-based compensation, typically subject to deferral.

In principle, performance-related compensation is not paid to members of the Board of Directors but may be provided under certain circumstances and subject to the approval of the entire Board of Directors. In such cases, the allocation is made by analogy with Art. 30 of these Articles of Association.

In principle, variable compensation is not paid to members of the Board of Directors but may be provided under certain circumstances and subject to the approval of the entire Board of Directors.

Art. 30 – Compensation of members of the Executive Committee

The compensation paid to members of the Executive Committee shall comprise the following:

- a) fixed basic compensation to be paid in cash
- b) performance-related compensation (bonus), of which 50% shall be paid in cash (cash bonus) and 50% in the form of shares (bonus shares)
- c) performance shares.

Art. 30 – Compensation of members of the Executive Committee

The compensation paid out to members of the Executive Board is composed of the following:

- a) a fixed basic component, to be paid out in cash
- b) a variable component, consisting of:
 - i. a cash bonus
 - ii. bonus shares
 - iii. performance shares

The following general principles shall apply to the payment of a cash bonus and to the allocation of bonus shares to members of the Executive Committee under the share participation plan:

- a) Members of the Executive Committee shall be obliged to take 50% of the bonus amount in the form of bonus shares. The remaining bonus amount shall be paid out in cash.
- b) The bonus shares shall be awarded at an accepted value of 80% of the reference price set by the Board of Directors, or by the Compensation Committee if so delegated. The number of bonus shares shall be rounded up to the next whole number.
- c) The bonus shares shall be blocked for a period of three years from the date of transfer, and may not be sold, pledged or transferred during that period. The bonus shares may be disposed of freely once the three-year blocking period has expired.
- d) The allocation of the bonus shares and the transfer of ownership shall give rise to an immediate entitlement in respect of voting rights and dividends subject to their entry in the share register.

The following general principles shall apply to the variable compensation of the members of the Executive Committee:

- a) The variable compensation of the members of the Executive Committee shall be determined on a discretionary basis taking into account achieved performance.
- b) A substantial proportion of the variable compensation of each member of the Executive Committee is awarded in the form of equity-based compensation, subject to deferral and conditions. The exact proportion as well as any additional details are determined taking into account industry practice and any local regulatory requirements. The equity-based payments may be subject to malus clauses until the relevant specified periods have expired.

- e) In the case of the termination of the employment relationship, bonus shares that have already been allocated shall remain in the ownership of the individual members of the Executive Committee and shall continue to be subject to the blocking period even after the period of employment has ended. In the event of disability, death or other important reasons, the Board of Directors may grant a request to unblock the shares.

The Board of Directors – or the Compensation Committee if so delegated – shall determine the more detailed terms and requirements, including any acceleration, curtailing or waiving of the blocking period in specific circumstances such as a change of control, as well as any clawback mechanisms.

Once the performance period of three (3) years after the transfer of bonus shares has expired, freely disposable unblocked performance shares may be allocated immediately and free of charge, provided the person entitled to receive them remains in an employment relationship on which notice has not been served and depending on the performance of the Company. Further details of the performance shares, particularly regarding the evaluation of the Company's performance and the applicable targets, shall be set out in the regulations governing the Vontobel Group's share participation plan by the Board of Directors, or by the Compensation Committee if so delegated. The Board of Directors – or the Compensation Committee if so delegated – shall also determine the further terms and requirements in respect of the allocation of performance shares.

Art. 31 – Voting on compensation at the General Meeting of Shareholders

The General Meeting of Shareholders shall vote on whether to approve the motions proposed by the Board of Directors in respect of:

- a) the maximum aggregate amount of the fixed compensation of the members of the Board of Directors for the forthcoming term of office;
- b) the maximum aggregate amount of the performance-related compensation of the members of the Board of Directors (Art. 29 para. 2 of these Articles of Association) where applicable for the prior financial year that has ended;
- c) the maximum aggregate amount of the fixed compensation of the Executive Committee for the period from July 1 to June 30 of a calendar year;
- d) the maximum aggregate amount of the performance-related compensation of the Executive Committee for the prior financial year that has ended;

The Board of Directors – or the Compensation Committee if so delegated – shall determine the more detailed terms and requirements, including any acceleration, curtailing or waiving of the vesting periods or blocking periods in specific circumstances such as a change of control, as well as any malus clauses. Further details of the performance shares, in particular regarding their allocation, the applicable targets and performance parameters and how they are determined are laid down in the applicable regulations of the participation plans by the Board of Directors – or by the Compensation Committee if so delegated.

[Paragraph 4 deleted]

Art. 31 – Voting on compensation at the General Meeting of Shareholders

The General Meeting of Shareholders shall vote on whether to approve the motions proposed by the Board of Directors in respect of:

- a) the maximum aggregate amount of the fixed compensation for members of the Board of Directors for the forthcoming term of office
- b) the maximum aggregate amount of the performance-related variable compensation of the members of the Board of Directors (Art. 29 para. 2 of these Articles of Association) where applicable for the prior financial year that has ended
- c) the maximum aggregate amount of the fixed compensation of the Executive Committee for the period from July 1 to June 30 of a calendar year
- d) the maximum aggregate amount of the variable compensation of the Executive Committee for the prior financial year that has ended (excluding performance shares)

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| <p>e) the maximum aggregate amount of performance shares relating to bonus shares of the prior financial year and that may be allocated to members of the Executive Committee after three years. If, when the allocation is made, the approved aggregate amount is not sufficient to cover the full entitlement to the allocation of performance shares, a new vote shall be held on any additional amount;</p> <p>f) if required, the sign-on premiums pursuant to Art. 32 para. 2 of these Articles of Association paid to members of the Executive Committee to compensate them for disadvantages incurred in the course of a change of employment, if these exceed the additional amount pursuant to Art. 32 para. 1 of these Articles of Association.</p> | <p>e) the maximum aggregate amount of performance shares that may be allocated to members of the Executive Committee after three years. If, when the allocation is made, the approved aggregate amount is not sufficient to cover the full entitlement to the allocation of performance shares, a new vote shall be held on any additional amount</p> <p>f) if required, the sign-on premiums pursuant to Art. 32 para. 2 of these Articles of Association paid to members of the Executive Committee to compensate them for disadvantages incurred in the course of a change of employment, if these exceed the additional amount pursuant to Art. 32 para. 1 of these Articles of Association.</p> |
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Within the framework of a maximum aggregate amount defined in this way, the Company or companies controlled by it may pay compensation subject to the approval of the General Meeting of Shareholders. The compensation may be paid by the Company or companies controlled by it.

If the General Meeting of Shareholders refuses to approve an aggregate amount, the Board of Directors shall call a new General Meeting within six months and propose to it new motions for the approval of the aggregate amounts.

The Board of Directors may submit differing and additional motions to the General Meeting of Shareholders regarding the same or other time periods.

If the General Meeting of Shareholders refuses to approve an aggregate amount, the Board of Directors shall call a new General Meeting within six months and propose to it new motions for the approval of the aggregate amounts.

The Company or the companies controlled by it may pay out compensation prior to approval by the General Meeting of Shareholders, subject to approval by a subsequent General Meeting of Shareholders.