Disclosure Report

in 2019

of

LuxCSD S.A.

This report discloses relevant information on the Remuneration Policy of LuxCSD S.A.

according to

CIRCULAR 10/437 of the Luxembourgish Commission de Surveillance du Secteur Financier (CSSF)
Preamble

LuxCSD S.A. (in the following referred to as “LuxCSD”) provides Luxembourg's financial community with issuing and central bank settlement as well as custody services for a wide range of securities including investment funds.

The following Disclosure Report (in the following referred to as “Report”) is drafted in accordance with Circular 10/437 as issued by the Commission de Surveillance du Secteur Financier (in the following referred to as “CSSF”). LuxCSD’s Remuneration Policy (in the following referred to as “Policy”) as framework sets the guiding principles. The Policy is subject to an annual review. The Policy applicable for 2019 can be found in the Annex of this Report.

Updates of the Remuneration Policy 2019 compared to the previous year 2018 contain editorial changes and clarifications.

In accordance with Section III of CSSF Circular 10/437, the Report takes into consideration the nature, the size as well as the specific scope of activities of LuxCSD. With regard to the disclosure requirements as set in Section III of the Circular, the information on the respective elements can be found in the framework as outlined in the following:

Compensation Governance

Information concerning the decision-making process used for determining the remuneration policy

The Board of Directors sets the guiding principles on Remuneration through the Policy in compliance with specific local requirements, while the Comité Exécutif carries the responsibility to implement the Policy and to elaborate respective procedures and practices (please refer to Section 1.2 “Ownership” of the Policy).

Information about the composition and the mandate of a remuneration committee

The Remuneration Committee of LuxCSD shall be composed of at least two non-executive members of the Board of Directors who shall have expertise in the field of remuneration. The majority of the members and the chairperson shall be independent from the executive members of the Board of Directors. To ensure a separation between the Audit Committee, the Risk Committee and the Remuneration Committee, the chairpersons as well as the majority of their members should be different. The Remuneration Committee shall meet at least once per year. It shall address remuneration related topics and its tasks shall include the following:

• advise the Board of Directors on the remuneration policy, which it shall oversee,
• prepare decisions of the Board of Directors regarding the general principles of remuneration of the employees,

• support the Board of Directors in monitoring the general principles of remuneration, its implementation, appropriateness and compliance with the remuneration policy,

• assess the effects of the remuneration system on the risk, capital and liquidity management as well as ensure that the overall remuneration policy is consistent with the long-term sound and prudent management of the company.

The current members of the Remuneration Committee of LuxCSD are Mr. Jean Guill (Chairperson) and Mr. Phillip Seyll, both non-executive members of the Board of Directors of LuxCSD.

Involvement of external consultants

The name of the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders shall be disclosed.

In the review of the remuneration policy no external consultants were involved.

Remuneration Systems and Principles

Information on the link between pay and performance

Information on the link between pay and performance are reflected in Sections 3.6 “Individual Performance”, 3.7 “Appraisal process” and especially 4.2 “Criteria for determining Variable Remuneration” as well as 4.3 “Deferral of Variable Remuneration”.

The individual performance measurement is ensured through the respective appraisal system. The appraisal process itself is separated into different process steps. Objectives are, amongst others, in particular to apply transparent rules and to link the performance to business targets but also to a long-term perspective.

In this context, the individual performance shall be determined based on the achievement of a mix of quantitative and qualitative agreed targets, which shall be challenging and ambitious. At least one target per category must be included.

Information on the criteria used for performance measurement and risk adjustment

Regarding information on the criteria used for performance measurement and risk adjustment, please refer to Sections 3.6 “Individual Performance and 3.7 “Appraisal process” as well as Section 4.4 “Ex ante and ex post risk-adjustment“.

Apart from the appraisal process, Variable Remuneration shall be risk-adjusted. The risk adjustment has ex ante and ex post orientation. Thus, the full amount of Variable Remuneration is subject to an ex ante risk-
adjustment and can be reduced down to 0 before the bonus award is made. Malus or clawback arrangements are explicit ex post risk-adjustment mechanisms taking into account future and current risks where the Company itself adjusts remuneration of the identified staff member based on such mechanisms.

**Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based**

For information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based, please refer to Sections 3.5 “Total Amount of Variable Remuneration” and 3.6 “Individual Performance”.

The individual performance shall be determined based on the achievement of a mix of quantitative and qualitative agreed targets, which shall be challenging and ambitious. The Total Amount of Variable Remuneration must not limit LuxCSD’s ability to sustainably maintain or recover an appropriate capital base. If the Company’s ability to sustainably maintain or recover an appropriate capital base is limited, no Variable Remuneration is to be granted.

**Main parameters and rationale for any annual bonus scheme and any other non-cash benefits**

The main parameters and rationale for any annual bonus scheme and any other non-cash benefits are described in Section 4.3 "Deferral of Variable Remuneration”.

The payout schedules shall be sensitive to the time horizon of risks. In particular in case Variable Remuneration is paid, due account shall be taken of possible mismatches of performance and risk periods and it shall be ensured that payments are deferred as appropriate.

**Annex: Remuneration Policy of LuxCSD S.A., Version 1.4, applicable for 2019**
Remuneration Policy

of

LuxCSD S.A.

Version 1.4
# Remuneration Policy

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1. Introduction

1.1. Purpose and objectives of the Policy

The LuxCSD S.A. Remuneration Policy (“Policy”) is a central element for the implementation of the Remuneration systems within the company. The objectives of the Policy are in particular

- to set out the principles governing the company’s Remuneration systems in organisational guidelines,


- to inform the staff (including technology functions) on the applicable rules as well as on their Remuneration system.

1.2. Ownership

The Board of Directors, which acts as management body, sets the guiding principles on Remuneration through the Policy in compliance with specific local requirements, while the Comité Exécutif, which acts as authorized respectively senior management, carries the responsibility to implement the Policy and to elaborate respective procedures and practices.
The Board of Directors of LuxCSD drafts the Policy and organizes its regular review with the assistance of Human Resources and as deemed necessary other Control Units or departments at Companies of Deutsche Börse Group to whom LuxCSD has outsourced these functions, as required.

For the purpose of the application for authorisation as Central Securities Depository ("CSD") by LuxCSD, a Remuneration Committee is created for LuxCSD and set up by the Board of Directors of LuxCSD. This Remuneration Committee ("LuxRC") is responsible for advising the Board of Directors on the Remuneration Policy. The LuxRC deals with remuneration-related matters within LuxCSD and directly oversees the remuneration of the officers in charge of the internal Control Units in accordance with the regulatory requirements. Further details with regard to the LuxRC, in particular its composition and tasks/responsibilities, are stipulated in the Board of Directors Internal Rules & Regulations.

1.3. Scope of the Policy

This Policy provides the applicable framework for the design and implementation of the Remuneration systems for the employees of LuxCSD.

Benefits which have no incentive effect with respect to the assumption of risk positions and are granted by means of non-discretionary regulations are not in the scope of this Policy.

1.4. Effective date

The Policy becomes effective upon approval by the Board of Directors of LuxCSD with effect from 08 July 2019 (date of approval).

This Policy replaces and/or overrules any remuneration policies that might have been applicable within the scope of this policy prior to its enactment.
1.5. Regular review

The Policy, the Remuneration system and their practical operation shall be reviewed by the Board of Directors of LuxCSD with the assistance of Human Resources, on a regular basis, at least once a year. In this respect the Board of Directors of LuxCSD ensures the compliance of the Policy with regulatory requirements and applicable law as well as its alignment with the business strategy. Human Resources shall provide the preparation for such reviews. The Policy and the Remuneration system shall be amended if necessary. Any changes to the Policy shall be properly documented. In addition, a central review of the compliance with the regulation, policies, procedures and internal rules and for examination and evaluation of the adequacy and effectiveness of the Policy is performed by the Internal Audit function. The results of such review shall be made available to the Board of Directors of LuxCSD.

2. Definitions

In this Policy

“Breach of Duty” means serious infringements of service agreement provisions or culpable breach of internal policies, including violations of risk limits.

“Control Units” mean those organisational units within the Companies of Deutsche Börse Group, and to whom LuxCSD has outsourced certain functions, that monitor organisation units that originate business. Control Units include Risk Management, Compliance, Internal Audit, Internal Control, Human Resources. For the avoidance of doubt, technology functions are generally not considered as Control Units.

“Fixed Remuneration” means the portion of Remuneration, which in particular is based on predetermined criteria, non-discretionary, transparent, permanent, not related to performance criteria and does not provide incentives for risk assumption, non-revocable, cannot be reduced, suspended or cancelled by the institution.
“Negative Performance Contributions” mean (i) falling short of targets, (ii) misbehaviour, (iii) regulatory non-compliance or (iv) any other risks or errors resulting in a downturn of the financial performance in each case taking into account the underlying performance of the institution as a whole and the business unit for which the respective staff member or the respective member of the management body bears responsibility or is performing his duties in.

“Remuneration” means all monetary or monetarily measurable ancillary benefits of any kind as well as benefits from the company or third parties that staff receive in performance of their professional duties; monetary or monetarily measurable ancillary benefits which have no incentive effect with respect to the assumption of risk positions, such as, for example, discounts, collective and company insurance and social welfare benefits and are granted by means of a company-wide, non-discretionary regulation, shall not be considered Remuneration.

“Unconscionable Conduct” means a serious infringement, which violates common decency or established codes of professional behaviour.

“Variable Remuneration” means the portion of Remuneration, the awarding or amount of which is at the company’s discretion or is dependent on the occurrence of agreed conditions and shall include discretionary contributions to pension schemes.

3. General rules on Remuneration

3.1. Consistency with business strategy of LuxCSD

The Remuneration and principles of this Remuneration Policy shall be in line with the business strategy of the company, its objectives, values and long-term interests, such as sustainable growth prospects. The definition of performance criteria for the assessment of Remuneration levels and target achievements will be determined in accordance with the business strategy. The level and structure of
the Remuneration shall be aligned with prudent risk management. It shall take into consideration prospective risks as well as existing risks and risk outcomes.

3.2. Remuneration components

Members of the Comité Exécutif and other employees (including staff employed in the Risk Management, Compliance and Internal Control, Internal Audit and technology functions and staff monitoring the outsourcing of these functions) shall receive Fixed and Variable Remuneration. The Fixed Remuneration shall be a substantial proportion of the total annual Remuneration, as specified below. The Variable Remuneration is aligned with the rules of the Policy and is not guaranteed.

Fixed Remuneration in accordance with the definition set out in chapter two consists of basic Fixed Remuneration and other Fixed Remuneration (such as payments mandatory for employees in the collective agreement).

Basic Fixed Remuneration should primarily reflect and/or take into account:

- relevant professional experience,
- organisational responsibility,
- level of education,
- degree of seniority,
- level of expertise and skills,
- job experience,
- relevant business activity,
- remuneration level of the geographical location,
- other constraints (e.g. social, economic, cultural or other relevant factors), market and industry practices.

Variable Remuneration is remuneration such as discretionary performance bonus or payments in Instruments and should reflect:
• a sustainable and risk adjusted performance, as well as
• performance in excess of that required to fulfil the employee’s job description as part of the
terms of employment.

The Fixed and Variable Remuneration of the staff who are Members of the Comité Exécutif shall be
determined by the Board of Directors of LuxCSD.

The Fixed and Variable Remuneration of all other employee groups except for the Members of the
Comité Exécutif shall be determined by the Comité Exécutif.

The Remuneration shall be designed in a way that incentives for incurring disproportionately high risk
positions are avoided. In light of this, there should not be a significant dependency on Variable
Remuneration.

Besides the Remuneration components described above, staff receive comprehensive benefits, which
have no incentive effect with respect to the assumption of risk positions and are granted by means of
non-discretionary regulation. As indicated in 1.3 above, these benefits are not in the scope of this
Policy.

Members of the Board of Directors shall not receive Fixed or Variable Remuneration for their position
as Board Members. Members of the Board of Directors are eligible to receive “directors fees”, the
amount of which is fixed and therefore not linked to the business performance of the CSD.

3.3. Appropriateness of Remuneration

The Remuneration shall be designed appropriately. This means, in particular, that:

1) The Remuneration shall not incentivise the assumption of disproportionally high risks.

2) The Remuneration shall be commensurate with the respective tasks and the performance as well
as the situation of LuxCSD and shall not exceed the appropriate Remuneration without cause.
3) There shall be an appropriate ratio between the Fixed and the Variable Remuneration. The variable component shall not exceed 100% of the fixed component of the total remuneration for each individual. The shareholders may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200% of the fixed component of the total remuneration for each individual, if national regulatory requirements allow such approval.

4) The Variable Remuneration shall take into account the overall performance of LuxCSD, the performance of the areas of responsibility and individual performance contributions. The criteria for determining the Variable Remuneration shall be consistent with the objective of long-term sustainable performance. In addition, any Breach of Duty or Unconscionable Conduct shall be taken into consideration in the determination of individual Variable Remuneration.

5) Guaranteed Variable Remuneration is exceptional and is only allowed in connection with the hiring and is limited to a period of maximum one year. Payment of the Guaranteed Variable Remuneration should generally be part of the regular merit process.

6) Payments in connection with the premature termination shall take due account of the performance over time and shall not reward falling short of performance expectations or misbehaviour. There should not be any significant contractual severance entitlements which are not diminished by individual Negative Performance Contributions.

7) Retention awards, for the purpose of retaining employees at the Company, are only granted in exceptional situations (e.g. change of control).

8) Payments made as compensation for forfeited remuneration in previous service and/or employment relationships shall be in line with the long-term interests of the company.

9) The Remuneration of staff members in Control Units or monitoring the outsourced Control Unit functions shall be designed with respect to their function. Therefore, the
a. Remuneration level of staff in the Control Units should allow to employ qualified and experienced staff in these functions,

b. method of determining the Remuneration of the relevant staff involved in the Control Units must not compromise their objectivity or be likely to do so, staff engaged in Control Units must be independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control,

c. mix of Fixed and Variable Remuneration for Control Unit staff should be weighted in favour of Fixed Remuneration. Therefore, the Fixed Remuneration shall in any case be the predominant part of the total Remuneration.

3.4. Avoidance of Conflicts of Interest

Conflicts of Interest with relevance for Remuneration can arise in situations in which the interests of one party interfere with (or appear to interfere with) the interests of another party, impairing its ability to act fairly and ethically. The Company is subject to a framework aiming at preventing and dealing with Conflicts of Interest. All employees have to respect the related “Policy on Conflicts of Interest” at all times.

Therefore, the Company shall avoid Conflicts of Interest and take up measures to mitigate such risks.

Conflicts of Interest may arise either through

I. the establishment/implementation of the Policy or related processes, e.g.:

- during the determination of the level of Remuneration,
- decisions on or award of Variable Remuneration (e.g. hiding of information with the aim to increase final bonus amounts),
- decisions on parameters for Remuneration (e.g. determination of final bonus),
• determination of target achievement on company, area of responsibility or individual level 
  (e.g. misuse of information for determination of level of achievement of a key performance 
  indicator),
• assessment of performance criteria and Remuneration parameters during the appraisal 
  process (e.g. increase of target achievement in order to increase budget for Variable 
  Remuneration of the respective staff group),

or through

II. acts or omissions, which might have a Remuneration-specific relation, but which are governed also 
by policies and processes implemented and enforced by further Control Units, e.g.
• use of insider information,
• short-term profits at the cost of long-term, sustainable performance,
• encouragement to excessive risk-taking,
• circumvention of intended effects of risk-aligned Remuneration systems,
• limited objectivity of Control Units.

In order to avoid or to mitigate potential or actual Conflicts of Interest, the Company shall ensure the 
implementation of the following mitigating measures, e.g. (non-exhaustive, with indication to address 
the above under I. mentioned potential Conflicts of Interest):

• a sufficient level of transparency (e.g. information on relevant parameters of the 
  Remuneration systems in the respective service contracts, Terms and Conditions of 
  Instruments, bonus letters),
• a sufficient level of objectivity, e.g.
  – review of target achievements in Performance Panels,
  – the use of qualitative and quantitative targets,
• technical support of Remuneration related processes, e.g.
- use of control steps via merit tools, e.g. budget approval and reading rights of bonus proposals of line managers above,
- implementation of check boxes for regulatory requirements on target setting in the appraisal system,
- calculation of bonus amounts and check of compliance with Remuneration rules (e.g. bonus cap or maximum amounts) via merit tool,

- involvement of neutral third person/party, e.g.
  - in the involvement in the determination of the final bonus amounts,
  - in the involvement with regard to the design and implementation of the Remuneration systems,
  - Remuneration Committee involvement (where relevant) with regard to the assessment of the appropriateness of the Remuneration systems, derivation of total amount of Variable Remuneration, monitoring the Remuneration of the officer in charge of Control Units, especially Risk Management and Compliance, and Risk Takers,
  - four eyes principle during the operation of the bonus process.

The following mitigating measures would be aligned with other internal functions e.g. (non-exhaustive, with indication to address the above under II. mentioned potential Conflicts of Interest):

- the alignment of relevant components of the Remuneration system with insider trading rules, e.g.
  - in case of use of real share instruments within the Remuneration system,
- the implementation of ex ante as well as ex post risk adjustment mechanisms, e.g.
  - risk adjustment in the yearly process for determination of Variable Remuneration,
  - malus process (including consideration of violation of risk limits),
- check of occurrence of personal knockouts or significant Negative Performance Contributions (malus conditions) through malus process, e.g.
3.5. Total Amount of Variable Remuneration

The Total Amount of Variable Remuneration must not limit LuxCSD’s ability to sustainably maintain or recover an appropriate capital base. If the company’s ability to sustainably maintain or recover an appropriate capital base is limited, no Variable Remuneration is to be granted. The determination of the Total Amount of the Variable Remuneration shall take due account of the short-, mid- and long-term financial situation, take into account current and future risks, cost of capital employed and liquidity required of the company.

3.6. Individual Performance

The individual performance shall be determined based on the achievement of a mix of quantitative and qualitative agreed targets, which shall be challenging and ambitious. At least one target per category must be included. Targets shall reflect the long-term interests of the company.

Negative Performance Contributions resulting from Unconscionable Conduct or other misbehaviour shall not be compensated by positive performance contributions and must result in a reduction or full forfeiture of Variable Remuneration (down to 0).

Performance is measured annually, documented and tracked in the respective appraisal. The performance assessment is executed by the respective superior.
3.7. Appraisal process

1) The individual performance measurement is ensured through the respective appraisal system.

2) The appraisal process consists of the following steps:
   - at the beginning of each year, the manager and the appraisee agree on three to five targets for the respective year(s) and these are entered in the respective appraisal system,
   - towards the end of the year, the manager assesses the level of target achievement in the respective appraisal system,
   - at the end of the year, the line manager gives feedback to the appraisee on the level of target achievement.

   Further details on the appraisal process are set out in the respective guidelines on target setting and in the respective appraisal system itself.

3) Objectives of the process are to
   - apply transparent rules;
   - set challenging and ambitious targets with respect to the function;
   - link performance to business targets;
   - link performance to long-term perspective,
   - measure and judge performance in an objective and consistent way;
   - clarify task definition and the expectation of accomplishment.

3.8. Information

Staff shall have access to this Remuneration Policy.
3.9. Publication

The disclosure requirements on Remuneration in accordance with CSSF Circular 10/437, e.g. the general design (in particular the parameters, the decision-making process used for determining the Policy, information on the link between performance and pay, composition of Remuneration, information on the performance criteria relevant for Variable Remuneration elements, involvement of external consultants and stakeholders, composition and mandate of LuxRC) shall be published on the internet.

4. Rules on Remuneration systems for members of the Board of Directors and Comité Exécutif, Risk Takers and employees in charge of a Control Unit

4.1. Risk Taker Analysis

LuxCSD shall annually conduct a risk analysis to identify categories of staff whose professional activities have a material impact on the company’s risk profile and to whom the specific requirements set out apply (“Risk Takers”). Staff is deemed to be identified as Risk Taker, amongst others, especially if one of the criteria below are met, which are derived from the Committee of the European Banking Supervisors (CEBS) Guidelines on Remuneration Policies and Practices in line with the Company's business model e.g.:

- Member of the Board of Directors,
- Member of the Comité Exécutif,
- Senior Managers responsible for the day-to-day management,
- Staff responsible for heading Control Units such as Compliance, Risk Management, Human Resources and Internal Audit,
- Staff exerting influence on the Company's risk profile including persons capable of entering into contracts/positions and taking decisions that affect the risk positions of the Company,
• Staff identified via quantitative criteria, e.g. staff with Remuneration exceeding criteria set out by regulation and deemed to have a material impact on the institution's risk profile.

For the different categories of Risk Takers (Risk Takers Executive Board, Risk Takers n-1 (control or non-control unit) and other Risk Takers (control or non-control unit)), the performance measurement period, the deferral period and the level of deferral are appropriately aligned with the impact on the institution's risk profile.

4.2. Criteria for determining Variable Remuneration

The Variable Remuneration shall take into account the overall performance of the Company, the performance of the areas of responsibility and individual performance contributions. The allocation of the Variable Remuneration components within the Company shall also take into account all types of current and future risks. When assessing individual performance, financial and non-financial criteria are taken into account. Further, the assessment of the performance is set in a multi-year framework. The criteria for determining the Variable Remuneration shall be consistent with the objective of long-term sustainable performance.

4.3. Deferral of Variable Remuneration

The payout schedules shall be sensitive to the time horizon of risks. In particular in case Variable Remuneration is paid, due account shall be taken of possible mismatches of performance and risk periods and it shall be ensured that payments are deferred as appropriate. At least 40% respectively 60% (depending on the category of Risk Taker or in case of a Variable Remuneration of a particular high amount) of the Variable Remuneration component shall be deferred over a period, which is not less than three to five years. Remuneration payable shall vest no faster than on a pro rata basis. Further, a substantial portion, and in any event at least 50%, of any variable remuneration, shall be in shares or equivalent share-linked instruments. Instruments shall be applied to both, the portion of Variable Remuneration deferred and non-deferred (upfront). Prior to vesting, there is only an entitlement to an accurate determination of the respective part of the Variable Remuneration. An
exemption limit, on or above which variable remuneration shall be deferred, is set at 50,000 Euro gross in line with CSSF Circular 10/437. As there could be cases where the activity of one staff member may have a higher material impact on the risk profile of the institution given the particular individual's job function respectively individual risk assessment, even though the Remuneration is not material, the exemption limit shall not be applied automatically and generally. This neutralisation on the level of the individual relates to the payout of parts of Variable Remuneration in Instruments, to the deferral of parts of the Variable Remuneration and to the ex post incorporation of risk (malus and clawback) and takes into consideration the individual's particular job function.

4.4. Ex ante and ex post risk-adjustment

The Company shall install ex ante and ex post risk-adjustment measures of Variable Remuneration.

1) Ex ante risk-adjustment

The full amount of Variable Remuneration is subject to an ex ante risk-adjustment and can be reduced down to 0 before the bonus award is made.

Negative Performance Contributions, Breach of Duty and Unconscionable Conduct shall lead to a reduction of Variable Remuneration (down to 0). The reduction shall not be compensated by positive performance contributions.

The Variable Remuneration shall be reduced to 0 in particular if e.g. a member of the Board of Directors/Comité Exécutif or a Risk Taker (i) participated in or was responsible for an error or conduct that resulted in a significant loss or significant regulatory sanction, (ii) did not comply with internal or external provisions on qualification and conduct that resulted in a significant loss or significant regulatory sanction. A reduction of the Variable Remuneration to 0 shall also apply in case of (iii) severe Unconscionable Conduct and conduct in severe culpable Breach of Duty.
2) Ex post risk-adjustment

Malus or clawback arrangements are explicit ex post risk-adjustment mechanisms taking into account future and current risks where the Company itself adjusts remuneration of the identified staff member based on such mechanisms.

Malus or clawback arrangements are subject to national legal implementation; the criteria and details are set out in the respective applicable rules on remuneration. The Company can apply malus or clawback arrangements up to 100% of the total Variable Remuneration regardless of the method used for the payment, including deferral or retention arrangements.

Negative Performance Contributions, Breach of Duty and Unconscionable Conduct shall lead to a reduction (down to 0) of the deferred part of Variable Remuneration.

The deferred parts of Variable Remuneration shall be reduced to 0 in particular if e.g. a member of the Board of Directors/Comité Exécutif or a Risk Taker (i) participated in or was responsible for an error or conduct that resulted in a significant loss or significant regulatory sanction, (ii) did not comply with internal or external provisions on qualification and conduct that resulted in a significant loss or significant regulatory sanction. A reduction of the Variable Remuneration to 0 shall also apply in case of (iii) severe Unconscionable Conduct and conduct in severe culpable Breach of Duty.

In case of a reduction (especially full reduction), the Company may make use of clawback arrangement regarding Variable Remuneration for the related period.

The Heads of Human Resources, Internal Audit, Compliance and Risk Management assess potential malus or clawback adjustments to ensure cross-comparison and equal treatment of the cases. The respective decision-making body of the entity with the assessed case is responsible for the decision on the Variable Remuneration forfeiture or reduction.