

# Remuneration policy

Updated 2021

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## Introduction

Pictet Asset Management's ("the Company") remuneration policy, procedures and practices align individuals' pay with the interests of our clients and the long-term performance of the business. The remuneration policy aims to motivate senior management and all employees in delivering the Company's strategy while ensuring that the business performance is sustainable over the long-term and aligned with effective risk strategy and appetite, not encouraging excessive risk-taking. The remuneration policy includes measures to avoid conflicts of interest between the Company, the funds and the investors of the funds.

## Remuneration principles

The key principles that underpin the Company's overall approach to remuneration are:

- › Remuneration decisions are based on a sound and effective risk management approach<sup>1</sup> that protects investors, the Pictet Asset Management Group and staff;
- › Incentives are designed to encourage behaviour focused on long-term strategic performance and ensure compliance with regulatory and legal frameworks;
- › Fairness and equity in remuneration decisions that are based on a rigorous performance assessment;
- › Individuals are valued and rewarded competitively against external market peers; and
- › Managing conflicts of interests to encourage responsible business conduct.

## Regulatory requirements

The Company is subject to certain regulatory remuneration requirements. Where this is the case, staff whose professional activities have a material impact on the risk profile of the company are annually identified and certain requirements may apply to their remuneration. External disclosures are made as required in line with the relevant regulation.

## Governance

Independent oversight of remuneration is provided by the Partners of the Pictet Group, which is a private Swiss banking group primarily engaged in the provision of asset management and custodial services. They oversee remuneration policies and procedures across the Pictet Group and provide oversight of remuneration decisions.

## Remuneration Committee

The Company has a Remuneration Committee which is delegated responsibility for remuneration matters by the Company's Executive Committee. The Remuneration Committee meets to consider matters relating to remuneration policy and structures, including approval of individual remuneration decisions for senior management and those considered to have a material impact on the risk profile of the Company. The membership of the Remuneration Committee consists of the Company's Co-CEOs and Head of Human Resources. The Remuneration Committee ensures that remuneration outcomes take appropriate account of all relevant current and future risks.

<sup>1</sup> Including consideration of sustainability risks



## Remuneration policy approval

The Company's remuneration policy is subject to annual approval by the Company's Remuneration Committee. Responsibility for ensuring the remuneration policy is implemented appropriately lies with members of the Company's Executive Committee.

## Remuneration elements

Individuals are remunerated based on their individual role, contribution to the Company and performance. Remuneration comprises the following elements:

- › Base Salary
- › Pictet Parts profit sharing scheme – this provides some participation in the profitability of the whole Pictet Group.
- › Bonus schemes – these may be based on balanced scorecards and/ or be discretionary.
- › Long-term incentive plan – the purpose of the plan is to align the remuneration of certain senior executives with the long-term results of the asset management business.

All bonus awards above a certain level are subject to deferral.

The ability of the Company to pay bonuses is based on the performance of the Company overall, as well as that of the Pictet Group.

Malus provisions may be applied to deferred or long-term incentive plan awards to support the risk management objectives of the Company.

## Integration of sustainability risks

The Company's remuneration policy integrates sustainability risks by way of the policies and procedures which employees of the Pictet Group are bound to respect. Compliance with internal policies and procedures form a part of an employee's annual review, which may include the consideration of sustainability risks based on the type of products or services elected by Clients served by that employee. In addition, employees of the Pictet Group are held to the Group's general engagement on Sustainability and Responsible Investing, as relevant to their function.

## Remuneration policy review

The Company's remuneration policy is reviewed at least annually by Human Resources, in conjunction with the Risk and Compliance functions, taking into account applicable regulations, legislation and best practice. It is also subject to an annual, independent review for compliance with policies and procedures.