

2021 Remuneration Code Disclosure Table SG Kleinwort Hambros Bank Limited (the “Bank”)

The below disclosures are made in accordance with the Capital Requirements Regulation (CRR), Capital Requirements Directive (CRD V) and the PRA and FCA rules for disclosure by Level 3 firms.

In line with the above regulations, the disclosures below provide information regarding the remuneration policies and practices for those staff whose professional activities have a material impact on the Bank’s risk profile. As well as those employed by SG Kleinwort Hambro Bank Limited, these disclosures also cover employees of SG Kleinwort Hambros Bank (Channel Islands) Ltd (Jersey and Guernsey) and SG Kleinwort Hambros Bank (Gibraltar) Ltd.

The Bank has been confirmed by the PRA/FCA to be a proportionality Level 3 Remuneration Code firm.

**Article 450 (1)(a) CRR:
Information concerning the decision-making process used for determining the remuneration policy including if applicable, information about the composition and the mandate of the remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders.**

Composition and the mandate of the ‘remuneration committee’

The Remuneration & Nomination Committee (the “Committee”) is appointed by the Board of SG Kleinwort Hambros Bank Limited and consists of Independent Non-Executive Directors chaired by the Chairman of the Board. This independence enables the Committee to exercise competent judgement on remuneration policies and incentives for managing risk and creation of value in line with the shareholder’s and other stakeholders’ expectations.

The Remuneration & Nomination Committee is responsible for determining the framework and broad remuneration policy for the Bank (taking into consideration the wider Societe Generale Group (“SG Group”) remuneration policy, financial services industry standards, and PRA/FCA requirements.

The Remuneration Policy of the Bank is reviewed at least annually by the Remuneration & Nomination Committee to ensure it remains consistent with the FCA Remuneration Code (“Remuneration Code”) and the objectives of the Bank. In 2021, the Remuneration & Nomination Committee met 8 times.

The Remuneration Code applies to Remuneration Code Staff (“Code Staff”), also known as “Material Risk Takers” (“MRTs”). Using the definition of Material Risk Takers laid down by the European Banking Authority in the Technical Delegated Regulations (EU) for the Identification of MRTs issued under Article 94(2) of Directive 2013/36/EU (and updated in a supplement No 604/2014 and then further in June 2020), SG Kleinwort Hambros Limited’s Code Staff are defined as Non-Executive Directors, Senior Management, SG Kleinwort Hambros Group Heads of significant functions (including control functions such as Risk, Operational Risk, Legal, Compliance and AML), Senior Managers of Private Banking and Trust teams and any employees receiving total remuneration that takes them into the same remuneration bracket as Senior Management, whose professional activities have a material impact on the Bank’s risk profile.

External consultant

The Committee has not sought to use external consultants to determine remuneration policy but the Bank has sought advice from Price Waterhouse Coopers on certain regulatory issues.

Role of the relevant stakeholders

Material relevant stakeholders are considered to be the Regulators, Shareholders, customers and employees. The Remuneration & Nomination Committee and attendees represent members of each of these stakeholder groups and the Remuneration & Nomination Committee considers the short and long term interests of stakeholders in the decision making process.

In addition KH Risk, and Compliance departments were also involved in determining the Remuneration Policy for KH as follows:

- the Risk and Compliance departments reviewed the proposed Remuneration Policy before submitting it for approval of the Remuneration Committee;
- the Risk and Compliance departments reviewed the methodology and the result of the identification of KH MRTs on an annual basis; and
- SG Group Risk, Compliance and Audit departments had input into defining collective remuneration pools and into setting individual remuneration where those departments had concerns about the behaviour of specific groups or individuals concerned or the riskiness of the business undertaken. In addition, KH Risk and Compliance also provide feedback for this process. As such, these departments may raise an alert relative to risk taking, conflict of interest, treatment of clients or any other behavioural issue.

Article 450 (1)(b) CRR: Information on the link between pay and performance.

Main performance metrics for Firm, business line and individuals (not a detailed description of application)¹ in a combination of financial and non-financial criteria²

SG Kleinwort Hambros Limited has in place a discretionary bonus plan for the benefit of its employees. The awards in this plan are linked to the employee's annual objectives with performance measured against specific financial and non-financial performance metrics, such as risk management and compliance. Bonus awards are variable remuneration as defined in the FCA Remuneration Code. Individual awards are split between amounts payable in March following the year to which the reward relates, and amounts deferred (in a mixture of cash and quasi-shares) for three years. For all staff, including Code Staff, deferral applies over a threshold amount; for 2021 this was GBP 85,000. The deferred amounts, and the final amounts paid out, are then subject to further conditions linked to the performance of the applicable business of SG Group.

The calculation of bonus awards for individuals is undertaken annually and is linked to three key factors:

- Assessed individual performance against annual objectives, these will include some financial metrics for front office employees.
- Assessed individual compliance with SG Kleinwort Hambros Bank Limited's standards (conduct, risk and compliance)
- SG Kleinwort Hambros Limited's performance against annual business plans (for non-control functions).

Compensation for control functions, including Risk and Compliance, is independent from the compensation or performance of the business.

The Bank does not have any executive Long-Term Incentive Plans however, employees are eligible for consideration for a discretionary grant under the Performance Shares Plan, subject to caps on the total amount granted. The Performance Shares granted are subject to a vesting period during which the performance shares are not vested and remain conditional to the

¹ CEBS Guidelines paragraph 152

² Code Principle 12

achievement of specific conditions. During this period, the beneficiary only has conditional rights to the shares.

Description of how the firm will ensure total variable remuneration is generally contracted when firm performance is subdued or negative³

The Bank's remuneration practices, policies and procedures aim to ensure that the remuneration arrangements properly take into account all types of risks, liquidity and capital levels and that the remuneration is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, culture and values and the long-term interest of the Bank and the shareholders. As stated in the Bank's Remuneration Policy, the variable remuneration pool for SG Kleinwort Hambros Limited is generated based on performance indicators which take into account all costs and risks inherent to the activities (liquidity, credit, market, operational risks as well as capital requirements) of Global Banking & Investor Solutions ("GBIS"), the Wealth & Asset Management Business Unit and the specific business lines within SG Kleinwort Hambros Group. Market practices and trends, as well as the market environment and relative performance, are also taken into account. If the performance indicators of SG Group or the applicable Business Units, contracts, the allocation to SG Kleinwort Hambros Limited will be decreased accordingly.

Article 450 (1)(g) CRR: Aggregate quantitative information on remuneration, broken down by business area.	
Business Area	Total Remuneration
Management, Support and Control	£15,840,224
Business Lines	£36,588,010

Article 450 1(h) CRR: Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the firm.			
	Senior management	Other members of Code Staff	Totals
Fixed remuneration	£3,963,666		£4,230,666
Variable remuneration	£1,420,500		£1,420,500
Number of Staff	30	0	30

Please note that, consistent with prior years, the figures above are inclusive of all SG Kleinwort Hambros Group entities including employees in the UK, Channel Islands, Gibraltar and Ireland.

³ Code Principle 8