

# SFDR DISCLOSURE

## Remuneration Policy and Sustainability Risks

### I. Introduction

In accordance with the requirements of Article 5 of the Regulation 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "**SFDR**"), this document outlines the principles and procedures required for integrating sustainability risks into the remuneration policy (the "**SFDR Disclosure**") of BOS Wealth Management Europe S.A. ("**BOSWME**").

In brief, the SFDR has the main objective to ensure that financial market participants and financial advisers make sustainable investments over the long term. The set objective is reached under SFDR by:

- combating 'greenwashing';
- enhancing transparency regarding the integration of sustainability risks and the consideration of adverse sustainability impacts in the processes of financial market participants and financial advisers.

### II. Sustainability risks

Sustainability risks refer to environmental, social and governance ("**ESG**") factors that may impact the financial performance of BOSWME.

Sustainability risks include but are not limited to the following:

#### Environmental risks

include climate change risk which encompass both physical risks (e.g., extreme weather events or rising sea levels) and transition risk (e.g., regulatory changes or market shifts)

#### Social risks

related to human rights violations by portfolio companies which may operate in regions with poor human rights records and can face legal and reputational risk

#### Governance risks

emerge from poor board management by portfolio companies which can lead to decisions not aligned with shareholders best interests

BOSWME defines sustainability risks as ESG events or conditions which could cause material negative impact on the value of investments in case they occur. Such risks influence investment decisions and are continuously managed and monitored by first and second line of defence functions.

### III. BOSWME Remuneration Policy

BOSWME, together with its parent company, the Bank of Singapore, both part of the OCBC Group, are committed to responsible and client centric remuneration practices. The need to reward employees fairly and competitively based on performance is balanced with the requirement to achieve this within the context of principle-based behaviour and practices, particularly in the areas of risk, compliance, control, conduct and ethics, with the objective to ensure good client outcomes.

An integral part of our annual remuneration governance process also includes reviewing remuneration decisions through the lens of gender equity, with approvals dependent on demonstrated equitable outcomes.

The BOSWME Remuneration Policy is in line with the SFDR and all related norms issues by the Commission de Surveillance du Secteur Financier (the "CSSF") and the European Securities and Markets Authority (the "ESMA").

## **1. Remuneration practices**

Employees are remunerated through the payment of an annual salary, fringe benefits and through various bonus schemes. Salaries are benchmarked or indexed (when applicable) on an annual basis to ensure that remuneration packages are competitive and appropriate. Through the yearly discretionary bonus system, employees are rewarded for meeting and/or exceeding their objectives up to a percentage of their base salary.

BOSWME has a client centric approach to risks embedded in the Remuneration Policy framework. Risk and control considerations are an integral part of the performance assessment and compensation processes. The approach to compensation includes a focus on risk and internal control matters and discourages excessive risk taking, which includes sustainability risks by nature, as well as not incentivising behaviours which pose a risk to clients. Furthermore, BOSWME assesses individual performance against annual and long-term financial and non-financial objectives as summarised in performance scorecards with a specific focus on how (not only if) objectives are met.

## **2. Remuneration characteristics**

Specifically, the BOSWME Remuneration Policy outlines internal governance arrangements that:

- meet all applicable regulatory and legal requirements;
- align with our vision, values, and strategy;
- align with the interests of our clients, employees, and the community;
- encourage responsible behaviour that support long-term sustainability;
- avoid conflicts of interest; and
- support a diverse and inclusive workforce.

## **3. Board of Directors approval and revision**

The BOSWME Remuneration Policy is effective as of 1 January 2021 and will be reviewed on an annual basis by the human resources function. The last revision is dated December 2023.