

Sustainable Finance Disclosure Regulations (SFDR), Article 5 Remuneration Policy Disclosure

BIL's Remuneration Charter and its associated practices aim at defining the remuneration within BIL Group with a view to protect the interests of BIL Group's clients, providers, employees, shareholders as well as BIL Group's financial sustainability in a long-term perspective. The Charter is also designed to support the Bank in achieving and maintaining a sound capital base. The Charter is consistent with and promotes sound and effective risk management and does not induce excessive risk-taking. It is fully aligned with BIL Group's aim to efficiently manage conflicts of interests and promote best banking industry practices.

The Charter (link to page 176 of Pillar 3 report: <https://www.bil.com/Documents/brochures/2021-Pillar-III-report.pdf>) outlines:

- the link between remuneration and performance (see page 179 of BIL's 2021 Pillar 3 report, paragraph 7.4.3.1.)
- the performance assessment model (see page 178 of BIL's 2021 Pillar 3 report, paragraph 7.4)
- the description of the remuneration structure and components (see page 180 of BIL's 2021 Pillar 3 report, paragraph 7.5) and the variable remuneration principles & upper limits (see page 180 of BIL's 2021 Pillar 3 report, paragraph 7.5.3)
- quantitative information on remuneration (see page 188 of BIL's 2021 Pillar 3 report, paragraph 7.5.3)

ESG considerations are embedded throughout the organization and all employees are sensitized and encouraged to uphold BIL's sustainability initiatives. In particular, the appropriate ESG criteria and metrics are linked to the remuneration framework of all people managers and specific functions. The remuneration charter may be adapted, as necessary, as the ESG universe evolves towards a more detailed approach.

BIL has set a yearly feedback as a mandatory process that requires managers and employees to record feedbacks on performance in writing.

The aim of the yearly feedback is to:

- Assess the performance of the employee against the key actions, key behaviors and key objectives identified by BIL as key drivers of sustainable success;
- Identify the strengths of the employee and recognize his or her contribution to the success of the Bank;
- Identify development areas of the employee and set up a development plan to help him or her address weaknesses;
- Discuss career evolution opportunities and appropriate development plans

As such, the aim of the feedback model is also to address potential issues in terms of risk management and compliance, including compliance with ESG policies, such as for example [the Sustainability Risk Policy](#) or the completion of mandatory trainings.

Each Internal Control Function as well as the Legal department gives its feedback and shares potential findings on every employee for the assessment year. The People, Culture and Communication department (PCC) compiles the findings, monitors their appropriateness and prepares with the employee's manager the feedback to be given to the concerned employee. Should the Internal Control Functions and Legal Department raise unsatisfactory findings, PCC coordinates appropriate actions to be taken with the people manager. These actions are to be aligned with the underlying reasons for underperformance and will range from the set-up of a dedicated development plan with close follow-up to a change of role or to disciplinary actions including warning letters and/ or the adjustment of the variable remuneration level.

Governance

PCC and the Secretary General Office, in collaboration with Internal Audit, Compliance and Risk Management departments (hereafter the "Internal Control Functions"), prepare and propose the amendments (if any) to the Charter. Before sending the amendments to the BRNC-R, the Management Board receives a comprehensive analysis of the proposed changes to the Charter and positively recommends any amendment to the Charter.

The BOD, upon recommendation of the BRNC-R, is responsible for (i) reviewing on a regular basis and at least annually the Charter, (ii) approving the Charter and its amendments, and (iii) reviewing its implementation.

The aim of the annual review is to ensure that the Remuneration Charter is compliant with the regulatory requirements and the risk management framework. In addition, any gaps or insufficiencies that would come to light with regard to gender neutrality and equal pay, be it in BIL's benchmarking exercises or otherwise, will also be addressed and flow into the annual review. If material gaps are identified regarding members of the BOD BIL will document the main reasons, take action where relevant or demonstrate that the gap does not result from a Remuneration Charter that would be not gender-neutral.

The Charter is automatically adapted to any new mandatory regulation relevant and applicable to BIL.

The review of its practical implementation within the Group is performed by Internal Audit on a frequency determined by the audit plan.

In 2022 the proposed amendments have been discussed during an ad hoc committee ("concertation committee") on 4/2/2022. The analysis and the proposed changes have then been presented to the Management Board on 2 March 2022. The Management Board has reviewed and approved the Charter and recommended the Board of Directors to approve it. Upon the analysis provided, the BRNC-R has positively recommended the final Charter after a meeting held on 16 March 2022 and a circular resolution dated 16 June 2022 and the Charter was ultimately approved by the Board of Directors on 20 June 2022.

The BRNC-R is a sub-committee of the BOD composed by 3 members of the BOD. During the year 2021 the BRNC-R has held 4 meetings, plus one circular resolution.

Specialized law firms and recruitment/benchmark companies are consulted considering the needs of evolutions of the Remuneration Charter and the specificities of the Bank.