



## Corporate Governance Charter

BIL draws on its 160 years of expertise to serve clients, applying the highest standard of business ethics and integrity. Good and sound governance policies and processes are in the best interest of all BIL's stakeholders, including clients, staff, shareholders and other interest groups.

In order to secure the trust of these stakeholders, BIL strives to act with integrity, responsibility, fairness, transparency and discretion at all times. This commitment is a fundamental part of the bank's BIL2020 strategic roadmap for the years to come.

By establishing a coherent and efficient corporate governance framework, the Corporate Governance Charter and its Appendices enable BIL Group companies to effectively manage business operations in line with the strategic priorities of BIL2020.

The Corporate Governance Charter and its Appendices have been approved by the management bodies of BIL Group.

These internal governance rules comply with all relevant legal and prudential requirements and are subject to the mandatory provisions of law applicable to BIL Group.

BIL's corporate governance complies with the high standards accepted internationally, and recognizes the importance of good and solid corporate governance.

BIL is committed to compliance, and we take utmost care to ensure that our staff maintain the highest standards of compliance with all legal, regulatory and internal requirements of professional conduct.

Our Risk Management department plays a central role in our organisation, as it fosters a disciplined risk culture and creates appropriate transparency. This allows management to define a prudent approach to risk-taking that adequately balances risk and return and optimises the allocation of capital throughout the Group. Moreover, through a proactive risk management culture and the use of state-of-the-art quantitative and qualitative tools, we strive to minimize the potential for undesired risk exposure in our operations.

In the interest of transparency, the main BIL Corporate Governance rules are published on our website.

**Jing Li**

**Chair of the Board of Directors**

## **Organisation of the Group**

The business of the Group is organised in business lines, support lines and other structures the Management Board considers appropriate for the effective management and supervision of activities. Business is conducted through branches, subsidiaries and a representative office. Each subsidiary has its own constitutional documents in line with applicable laws.

## **Luxembourg's regulatory framework**

In accordance with Luxembourgish regulations, BIL has a robust central administration (in French, "*administration centrale*") in Luxembourg. In a broad sense, this administration comprises the management, operational execution and control functions that enable the bank to exercise control over all of its activities. This central administration of BIL is based on a sound organisation, including for accounting and IT. This ensures the proper administration of securities and assets, proper execution as well as accurate and complete recording of operations as well as the production of accurate, complete, relevant and understandable management information without delay.

As the parent company, BIL's is organized in such a manner that its central administration concentrates all management information necessary to manage, monitor and control the activities of the Group in its registered office in Luxembourg on an ongoing basis.

BIL Group's corporate governance policies and procedures are defined in a series of documents governing the organisation and management of the company.

## **General Meeting of Shareholders**

The general meeting has the widest powers to adopt or ratify any action related to BIL.

## **Board of Directors**

- Constitution

The Board of Directors consists of at least nine directors, plus directors representing staff.

- Term of office

The term of office for each Director is 4 years pursuant to the articles of association. The mandate of a Director is renewable.

- Responsibilities

The Board of Directors is vested with the broadest powers to act in the name of the bank and to take any action which is either necessary or useful to fulfil the business objectives of the bank, with the exception of the powers reserved to the general meeting of shareholders by law or the articles of association.

## **Chair of the Board of Directors**

The Chair leads the Board of Directors and coordinates the tasks within the Board of Directors. In particular, the Chair calls board meetings and sets the agenda.

Together with the Chief Executive Officer, the Chair is responsible for ensuring effective communication with the bank's shareholders and stakeholders, including government officials, regulators and public organisations.

The Chair establishes and maintains close working relationships with the Chief Executive Officer and the other Management Board members, providing them with advice and support while respecting the fact that

day-to-day management responsibility is delegated to the Management Board under the corporate governance charter.

He/she also facilitates and fosters a constructive and open debating culture between the Board of Directors, the Chief Executive Officer and other Management Board members.

### **Board Specialised Committees**

The Board is seconded by the following Board Specialised Committees:

- Board Audit and Compliance Committee (BACC)
- Board Strategy Committee (BSC)
- Board Risk Committee (BRC)
- Board Remuneration and Nominations Committee (BRNC)

The roles and responsibilities of the Board Specialised Committees are laid down in the terms of reference and do not include any delegation of power by the Board to its Specialised Committees.

### **Management Board**

- Management Board and delegation

The Board of Directors has delegated the daily management of the bank to the Management Board and the Chief Executive Officer.

The Chief Executive Officer and the Management Board may in turn delegate certain responsibilities and authorities to other executive and management committees.

The Management Board's overall objective is to lead, direct and manage the bank and its entities to achieve the strategic and the business objectives set by the board of directors.

The Management Board members act as a collegial body and are jointly responsible for the overall management of the bank and co-responsible for all Management Board decisions.

- The Chief Executive Officer

The Chief Executive Officer is the highest executive officer of the Group and can be held responsible and accountable for the management and performance of the Group together with the Management Board.

- Management Committees

To further enhance its effectiveness on transversal topics within its scope which are either technical and/or require a specific emphasis, the Management Board delegates certain decision-making powers to the management committees.

### **BIL Group Rules and Procedures**

The rules and procedures are laid down in charters, policies and procedures.

- Charters

Charters are documents setting out the main principles of BIL Group governance. They are valid for the Group as a whole and are subject to the systematic approval of BIL's Board of Directors.

- Policies

Policies are general documents that stipulate the rules applicable to the work carried out within the bank. They apply to one or more BIL Group entities. Policies are a practical application of the principles set out in a charter. They are subject to the approval of the Management Board or one of BIL's management committees.

- Procedures

Procedures lay down the rules that all staff members must follow in various operational or supervisory roles. They provide a step-by-step description of the tasks required to support and implement policies. The Management Board member or a direct report to the Management Board member of the related business or support line signs off the procedure.

### **BIL Group Entities**

BIL's organisational structure enables and promotes effective, sound and prudent business and risk management. It shall not impede the ability of the parent company, in particular of its central administration and management bodies, to effectively manage and control the activities and the risks of the bank and its entities.

To ensure a smooth and efficient coordination between BIL and its entities, BIL Group relies on functional reporting and hierarchical lines and on the responsibilities that exist between the entities and the parent company. The functional head(s) of an entity reports directly to the relevant group functional head(s) on a functional basis, or on a hierarchical basis with regard to a branch. These reporting and management lines and responsibilities are respected on an ongoing basis.