

DATA SHEET – KEY DATA

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DATA SHEET - BACKGROUND

Version	Title	Decision-making body	Validation date
0	n.a.	n.a.	n.a.
1	BIL Group Remuneration Charter (authorized extract for publication)	Board of Directors	24/03/2016
2	Idem.	Board of Directors	27/03/2017
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4	Idem.	Board of Directors	22/03/2019
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1 Key Pillars

To both reflect BIL Group's core values and comply with the regulatory requirements in terms of remuneration policies and principles, the Charter has been defined around the following pillars:

1.1 Maintain a sound and effective risk management framework

The Charter and its associated practices aim at defining the remuneration within BIL Group with a view to protect the interests of the BIL Group's clients, providers, employees, shareholders as well as BIL Group's financial sustainability in a long-term perspective.

The Charter is consistent with and promotes sound and effective risk management, does not induce excessive risk-taking and is fully aligned with BIL Group's aim to efficiently manage conflicts of interests and promote best banking practices.

1.2 Attract and retain talent with competitive remuneration packages

Client satisfaction and protection remain at the heart of the philosophy of BIL Group. BIL Group wishes to attract, retain and motivate highly qualified professionals in their respective domains. Therefore, BIL Group offers remuneration packages that, while in line with market practices, are attractive and competitive, both in terms of amount and structure.

The remuneration components granted by BIL Group to its staff are regularly benchmarked through market studies performed by internal or external consultants, in order to verify the positioning of its remuneration packages in comparison to any given reference market. The remuneration analyses may be carried out at local or international level and aim to provide a benchmark of the BIL Group's position against comparable financial institutions.

By decision of the BOD, ad hoc measures may be envisaged in certain entities of the BIL Group when significant distortions are observed, with a view to enable BIL Group to attract the talent it needs and to keep those already in position. Although remuneration must be kept attractive, it must respect the budgetary framework set by the BOD and not jeopardise financial situation of the BIL Group.

1.3 Ensure primacy of clients' interests

In order to ensure that clients are treated fairly and their interests are not impaired by the remuneration practices, BIL Group does not remunerate or assess the performance of its staff in a way that conflicts its duty to act in the best interest of its clients.

In the same way, when BIL Group acts as an insurance distributor, no arrangement should be made that could provide an incentive to recommend a particular insurance product to a customer when the insurance distributor could offer a different insurance product which would better meet the client's needs.



1.4 Link between performance and remuneration

Variable Remuneration is part of the standard compensation package offered by the BIL Group. To protect the interests of all stakeholders and encourage responsible business conduct. Variable Remuneration must be aligned with short, mid and long-term collective and individual performance. Effective performance is therefore subject to strict assessment rules that primarily aim at preventing excessive risk-taking behaviour. This is why the BIL Group Remuneration Charter takes into account the main outcomes of the ICAAP. Moreover, and more generally, the BIL Group does not reward failure.

Remuneration and similar incentives shall not be solely or predominantly based on quantitative commercial criteria, and shall take into account appropriate qualitative criteria reflecting compliance, the fair treatment of clients and the quality of services provided to clients. A balance between fixed and variable components of remuneration shall be maintained at all times, so that the remuneration structure does not favor the interests of BIL Group against the interests of any client.

1.5 Comply with the regulatory framework

The Charter complies with the requirements on remuneration policies and practices in the financial sector that have been defined by applicable rules and competent regulators, including the Commission de Surveillance du Secteur Financier (hereafter the "CSSF").

1.6 Foster transparency

Transparency is a keystone of the Charter. Detailed information on the Charter's rules and practices is made available both internally and externally in order to ensure that employees as well as stakeholders are timely and accurately informed about BIL Group's remuneration Charter.

1.7 Ensure group consistency

BIL Group remuneration Charter is applicable to all subsidiaries, branches, representation offices in Luxembourg and abroad. In order to ensure consistency throughout the Group, all entities of BIL Group are requested to examine the conformity of the Charter with regards to specific rules and regulations and should mandatory specific rules apply local entities should adapt the Charter accordingly. Should local regulators provide stricter rules, the later shall prevail. BIL Group regularly carries out internal audits in entities in Luxembourg and abroad to verify the compliance by such entities with the Charter.

The Group wide coordination is done by the Group Head of People Culture & Communication ("PCC").

2 Determination of the Identified Staff

BIL performs, at least on an annual basis, a detailed analysis in order to identify its staff members and staff members of entities of the BIL Group whose professional activities



have a material impact on BIL Group's risk profile (hereafter referred to as the "Identified Staff").

BIL Group applies the guidance provided by the EBA when determining its Identified Staff. The list of Identified Staff is drawn up each year on the basis of the analysis of job functions and responsibilities according to the following governance:

- 1/ Each entity is requested to identify staff members who meet the Identified Staff criteria or definition. This analysis is made on the basis of (i) the Qualitative and Quantitative Criteria detailed in the Commission Delegated Regulation EU 604/2014 on the identification of categories of staff whose professional activities have a material impact on an institution's risk profile and, whenever appropriate (ii) the specific definition set forth in the context of AIFMD.
- 2/ The analysis is combined into a consolidated Identified Staff list which is assessed at Group level during an ad hoc meeting.
- 3/ This annual process is coordinated by HR in close collaboration with Risk Management, Compliance, Internal Audit and Legal departments.
- 4/ The final consolidated list is reviewed by the BRNC-N and recommended by the BRNC-N to the BOD for decision.

The list of identified Staff is fixed at 112 as of 31.12.2020.

2.1 Proportionality principle at the level of Identified Staff

All principles described in this Charter apply to all Identified Staff at BIL Group level.

However, as foreseen by the CSSF Circular 11/501, BIL may apply the remuneration requirements in a proportionate way to Identified Staff who have a less material impact on BIL Group's risk profile.

More precisely, BIL applies the proportionality principle to Identified Staff who have a less material impact on BIL Group's risk profile and an annual Variable Remuneration below or equal to € 100 000.

Based on past practice in a normal year, a significant proportion (+- 85%) of the Identified Staff is considered to fall within the criteria foreseen in CSSF Circular 11/505.

In this context, the following specific remuneration requirements are neutralized for the Identified Staff for whom the proportionality principle is applied:

- Requirement to pay out a part of the Variable Remuneration in instruments and, as a consequence, the related instrument retention obligations.
- Requirement to pay out a part of the Variable Remuneration through a deferral scheme and, de facto, the related ex-post risk adjustment obligations (Malus).



3 Determination of the Relevant Persons

In addition, as per Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU, BIL Group identifies, on a regular and continuous basis, and establishes a list of the Relevant Persons. The list is drawn up and yearly reviewed by HR and Compliance Departments.

BIL already adopted before the implementation of Directive 2004/39/CE in 2007 and still maintains measures enabling to define appropriate criteria to be used to assess the performance of Relevant Persons, including qualitative criteria encouraging the relevant persons to act in the best interest of the client. In addition, organisational measures adopted in the context of the launching of new products or services appropriately take into account the remuneration policies and practices and the risks that these products or services may pose in terms of conduct of business and conflicts of interests.

4 Performance assessment

4.1 Performance management

4.1.1 Main characteristics

In 2018, a new performance management model, called “Feedback Model” has been set up. It aims at establishing continuous feedback as a main driver of collective development and continuous improvement.

BIL strongly believes that a sound feedback culture that focuses on employees’ strengths and development areas and that is provided in the spirit of “growth mindset” is a key driver to reach BIL’s targets in a sustainable and risk-aware way.

BIL has defined key behaviors and key results that it considers to be the main drivers for individual and collective performance and against which it assesses its employees and managers on a regular basis and at least once a year.

BIL has implemented various tools and trains its staff and managers on a regular basis in order to encourage an open dialogue and continuous feedback across business lines and hierarchical levels.

Each criteria will be evaluated by the people manager, respecting the following color code:

- Purple: the employee is a true role model in this area
- Green: the employee masters this area correctly
- Yellow: the employee masters this area partly but still has some attention points to work on
- Red: this area is an issue and needs to be addressed

As outlined in the key result “Compliance, Risk and Business Ethics” it is also the aim of the feedback model to address potential issues in terms of risk management and compliance, including compliance with the Code of Conduct of the Bank. Each Internal Control Function as well as the Legal department gives its feedback and shares potential findings on every employee for the assessment year. PCC compiles the findings, ensures 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 setting-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.

4.1.2 Link between remuneration and performance

BIL Group aims to attract, retain and motivate highly qualified professionals. BIL Group offers remuneration packages that, while in line with market practices, are competitive and attractive, both in terms of amount and structure. An important element of the employees' remuneration packages is the variable component which is strongly linked to the performance of the BIL Group, the entity, the department and the individual. An employee is eligible for a variable remuneration provided the manager confirms that the following criteria are met:

- No gross misconduct/appropriate compliance with policies issued by BIL, internal rules, applicable legal requirements, risks standards and procedures;
- No gross misconduct/appropriate observation of the BIL Code of Ethics, company's standards which govern relationship with clients and investors and relationships with internal clients and team members;
- Appropriate performance and behavior.

After confirmation that the conditions above are met, people managers make a proposal in terms of variable remuneration, increase of fixed remuneration or promotion.

The variable remuneration recommendation is based on a reference amount per Hay Group. Depending of the results of the Feedback Model, the variable remuneration can be set:

- above the standard level (120% to 150% of the reference amount);
- at a standard level (80% to 120% of the reference amount);
- below the standard level (50% to 80% of the reference amount);
- at zero for a poor performance or non-respect of the above-mentioned rules.

The reward exercise is validated during a special executive committee meeting called "Promotion Board". During the Promotion Board, the Variable Remuneration all identified staff of BIL Luxembourg based entities is validated.

5 Remuneration structure & pay out modalities

5.1 Description of the remuneration structure and components

The principles set out below apply to all employees of BIL Group.

However, since BIL Group is active in multiple countries, it sometimes needs to align its practices with local regulatory frameworks (e.g. labour, social security and tax laws, codes / rules / circulars issued by the local regulator, etc.) and with local remuneration market



practices. Therefore, the structure and components of remuneration packages may slightly differ from one country to another.

The remuneration at BIL Group is structured around the following pillars:

5.1.1 *Fixed Remuneration*

a) *Base salary*

Portion of the Total Remuneration periodically received in cash. It remunerates the competencies of the staff members, is based on the role and experience of the staff members and is guaranteed irrespective of their performance. Fixed Remuneration may be impacted by a Collective Bargaining Agreement and is generally composed of the following elements:

- Monthly salary.
- Additional monthly or annual fixed premium if provided for by contract or by Collective Bargaining Agreement.
- Mandatory additional premiums provided for by a Collective Bargaining Agreement.

b) *Fringe Benefits*

All advantages received in kind by an employee in addition to his/her Base Salary (such as company cars, pension schemes and loans, ...). These benefits are non-discretionary and do not foster under any circumstances excessive risk-taking.

They are linked to the employee's classification in the CBA or to internal grading (e.g. Hay grading) for executives, as well as the seniority within the BIL Group.

None of these benefits are linked to performance. Fringe Benefits depend on each entity's Remuneration Structure.

5.1.2 *Variable Remuneration*

Portion of the Total Remuneration received in cash (or cash and instruments for Identified Staff for whom proportionality cannot be applied) which is entirely at BIL Group entities' discretion and is determined on the basis of individual and collective, financial and non-financial performance criteria. In particular it enables the interests of the employee to be aligned with those of BIL Group.

5.2 Variable Remuneration principles & upper limits

A Variable Remuneration is allocated to staff members according to:

- The status of the employee (employee/manager/executive) and his/her job level.



- The appraisal scores obtained through the performance assessment process on the basis of individual and collective, quantitative and qualitative performance criteria.
- The average presence of the employee during the year.

As far as the proportion of Variable Remuneration to the Fixed Remuneration of the Identified Staff is concerned, these proportions are linked to the categories of Identified Staff as well as to the entities or countries where the entities are located.

As a general principle, and as per the CRD IV and the Financial Sector Law requirements, the variable component shall not exceed 100 % of the Fixed Remuneration. On an exceptional basis, a higher maximum level of the ratio between the fixed and variable components can be fixed but will in no case exceed 200 % of the fixed component. In such a case, and to comply with the CRD IV law requirements, the Board of Directors of the relevant entities, subject to a prior decision by the General Meeting of Shareholders of BIL S.A., will submit to their respective shareholders a detailed recommendation describing the reasons for, and the scope of, the approval sought (incl. the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base). The shareholders' decision will be taken at the General Meeting. The procedure for increasing the ratio (including the quorum and voting thresholds) as described in the CRD IV, the Financial Sector Law and the EBA Guidelines will be strictly followed. Copies of both the recommendation of the BOD to the shareholders and the shareholders' decision will be provided to the regulator.

If one of BIL Group entities is located in other EU Member States which have chosen to set lower maximum percentages, the ratios defined in this Charter will no longer apply and the local mandatory requirements will be respected.

5.3 Remuneration principles for specific categories of staff

5.3.1 Non-executive Directors in BIL Group entities

Non-executive Directors do not receive any Variable Remuneration.

The remuneration of the non-executive directors of BIL S.A. for the exercise of their mandates, is set as follows:

- The annual General Meeting of Shareholders of BIL S.A. decides on the remuneration of non-executive directors.
- The annual General Meeting of Shareholders of the relevant BIL Group entities defines the remuneration of their non-executive and independent directors.

A director of BIL S.A. (or of a BIL Group entity) who is an employee of BIL S.A. (or of such BIL Group entity), does not receive any remuneration for the exercise of its director mandate unless such a director represents the staff.



The annual General Meeting of the Shareholders of BIL S.A., upon proposal of the BRNC, decides each year on the remuneration of the Chairman, Vice-Chairman and the members of the BOD, including the remuneration of the directors who are members of the specialised Board Committees.

5.3.2 Members of the Management Board (MMB)

The remuneration of the MMB is defined by the BOD, upon recommendation of the BRNC in accordance with the Applicable Laws and the TOR BRNC. The BRNC may be assisted by independent external advisers who are experts in the field of remuneration, and by the Risk Management, PCC, Compliance and Legal departments of BIL.

In order to offer remuneration which is in line with market practice, the BRNC regularly orders a benchmarking study on the basis of which, if need be, it makes proposals to the BOD to adapt the remuneration conditions of the MMB, including the variable components.

If a MMB receives remuneration (allowances or attendance fees) for a mandate that he/she exercises in the name of or on behalf of BIL Group, this remuneration is retroceded to BIL Group.

a) Amount of Variable Remuneration

At the beginning of the year objectives are set and a target bonus is agreed upon.

This target bonus represents a percentage of the Fixed Remuneration of the MMB. The Variable Remuneration eventually paid out may be higher or lower than the target bonus and depends on the level of achievement of the objectives.

Variable Remuneration is by no means guaranteed, remains discretionary and can be set to zero by the BOD if the BIL Group / Business / Individual performances targets are not met.

b) Drivers of Variable Remuneration

Variable Remuneration is determined on the basis of Key Performance Indicators (KPIs) of 3 types, each type being assessed on the basis of quantitative or qualitative, financial or non-financial criteria:

- Group KPIs

These KPIs are common to all MMBs. Entire BIL Group results determine whether and to what extent the KPIs are met. They are calculated on the basis of the financial indicators set by the BOD, acting upon recommendation of the BRNC.

- Business KPIs



The business KPIs are analysed individually with respect to the targets set for the MMBs for the coming year. The performance assessment depends on the manner in which the business or the support line has taken an active part in the achievement of the group target. The performance assessment includes the monitoring of the risk elements specific to the MMB's activity line.

- Individual KPIs

The individual component is analysed separately with respect to the targets set for the MMBs for the coming year, on the basis of Qualitative Criteria such as management skills, the manner in which the MMB has participated in the elaboration and/or the implementation of the transformation plan for his/her entity, support line or business line, and compliance with rules, procedures and values of the BIL Group. Below a certain result in the individual assessment, the entire Variable Remuneration amount may be set to zero. This decision is made by the BOD, acting upon the recommendation of the BRNC.

5.3.3 Members of Management Boards in BIL Group entities

For members of management boards in a BIL Group entity other than BIL S.A., Variable Remuneration components will depend on business and individual KPIs. In case the performance of the entity is not satisfactory, the BRNC can decide to lower the Variable Remuneration (in a consolidated manner). There is no direct link with BIL Group's results, the Variable Remuneration within a BIL Group entity being, per se, conditioned by the good results of the BIL Group that impact on the Bonus Pool defined by the BRNC.

5.3.4 Internal Control Functions

The performance analysis and the decision on the Variable Remuneration are performed in all independence for the Internal Control Functions. More precisely, in order to avoid conflicts of interests, the performance indicators in the Internal Control Functions mainly consist of non-financial individual criteria and do not in any case contain financial criteria related to the entities they control.

The performance is assessed on the basis of targets that are mainly qualitative and specific to the Internal Control Functions performed. Although there is no direct link with BIL Group's results, the Variable Remuneration is, per se, conditioned by the good results of the BIL Group that impact the Bonus Pool.

For the avoidance of doubt, the CRO is appraised taking into consideration the specific Key Performance Indicators of the Heads of the Internal Control Functions.

The remuneration components of the Heads of the Internal Control Functions are conducted in accordance with the TOR of the BRNC and decided by the BOD upon the BRNCs' recommendation at BIL Group level.

For the variable portion of the remuneration, the appraisal and the objectives' setting for the Heads of the Internal Control Functions are prepared by the CEO, and submitted to:



- the Chairman of the BACC for the CIA, in accordance with the TOR of the BACC, for his consideration, assessment and further recommendation of the BRNC, and
- the BRNC for the CRO and CCO, in accordance with the TOR of the BRNC, for assessment and further recommendation of the BOD.

5.3.5 Identified Staff for whom a Target Bonus Model may be set

Variable Remuneration for all other Identified Staff is discretionary.

For some Identified Staff members, a target bonus model may be set-up in order to condition the pay-out of a bonus to the achievement of certain objectives.

Notwithstanding the setting of the Target Bonus, the Variable Remuneration is in no way guaranteed and its pay-out may be set to zero if the Group / Business / Individual performances targets are not fulfilled.

5.3.6 Selected Sales Functions

For selected Sales Functions, a formula-based bonus may be setup by a BIL Group entity for a determined period of time. The formula-based approach takes into consideration financial KPI's such as net revenues and net new assets.

An adjustment factor (reducing the formula- based bonus up to zero) may apply if the qualitative criteria are not met. Qualitative criteria for formula-based bonuses are set as follows:

- Observation of the BIL Code of Ethics;
- Compliance with policies issued by BIL, internal rules, applicable legal requirements, the risks standards and procedures of the Bank;
- Proper and on time documentation of clients and transactions;
- Proper ethical behaviour, company's standards which govern relationship with clients and investors and relationships with internal clients and team members;
- All key behaviors and key results outlined in the Bank feedback model:

A dedicated committee called "Variable Remuneration Validation Committee" composed of the Heads of the Internal Control Functions, the Head of business line and the Global Head of PCC decides on the compliance and pay-out of the said formula-based bonuses.

5.3.7 Selected categories of staff

BIL Group may set up retention programs for selected categories of staff whose engagement, competencies or potential are important for the Bank to retain in the short, medium or long term.

5.4 Variable Remuneration pay-out principles for Identified Staff

5.4.1 Procedure governing the payment of Variable Remuneration

Variable Remuneration of Identified Staff members for whom the proportionality principle applies is paid out annually and in cash; the rules described below are hence applicable only to the Identified Staff members for whom the proportionality principle cannot be applied.

5.4.2 General rules for deferral

Variable Remuneration of an Identified Staff member higher than €100.000 shall be deferred in order to establish a clear link between the Variable Remuneration and the evolution of his / her performance and potential future impact. In that respect, the performance assessment is part of a multi-annual framework, thereby guaranteeing an assessment of long-term performance. As such, payment of a part of the Variable Remuneration is deferred and subject to the fulfilment of conditions described under 5.5 and 5.4.6. The Deferred Part will not be paid out in case these conditions are not met.

5.4.3 Calculation of the Deferred Part of the Variable Remuneration

For MMB, 50% of the total Variable Remuneration is deferred over a period of five years.

For the other Identified Staff, 40% of the total Variable Remuneration is deferred over a period of three years.

If the Variable Remuneration is of a particular high amount, the portion of the Variable Remuneration to be deferred will be increased to 60%. Whether the variable component is considered as of a particular high amount, will be determined by reference to the CSSF guidelines, once such guidelines will be issued. In the meantime it has to be understood as Variable Remuneration above 1.000.000 EUR.

5.4.4 Terms of payment of the Variable Remuneration for the MMB

- Principles applied to the non-deferred part

The non-deferred part related to performance year (Y), i.e. 50% of the total Variable Remuneration, is paid during the first semester of Y+1:

- 50% (=25% of the total Variable Remuneration) in cash;
- 50% (=25% of the total Variable Remuneration) in the form of Phantom Shares, with a retention period of one year.

- Principles applied to the deferred Part

- 50% of the Deferred Part (=25% of the total Variable Remuneration) is paid in cash in Y+2, Y+3, Y+4, Y+5 and Y+6, vesting on a pro rata basis.



- 50% of the Deferred Part (=25% of the total Variable Remuneration) is paid in the form of Phantom Shares”) in Y+2, Y+3, Y+4, Y+5 and Y+6, vesting on a pro rata basis. Once vested, the Phantom Shares are subject to a one-year retention period.

5.4.5 Terms of payment of the Variable Remuneration for other Identified Staff

- Principles applied to the non-deferred part

The non-deferred part related to performance year Y, i.e. 60% of the total Variable Remuneration, is paid during the first semester of Y+1:

- 50% (=30% of the total Variable Remuneration) in cash;
- 50% (=30% of the total Variable Remuneration) in the form Phantom Shares), with a retention period of one year.

- Principles applied to the deferred Part

- 50% of the Deferred Part (=20% of the total Variable Remuneration) is paid in cash in Y+2, Y+3 and Y+4, vesting on a pro rata basis.
- 50% of the Deferred Part (=20% of the total Variable Remuneration) is paid in the form of Phantom Shares) in Y+2, Y+3 and Y+4, vesting on a pro rata basis. Once vested, the Phantom Shares are subject to a one-year retention period

5.4.6 Conditions of vesting of the deferred element

Any vesting of a deferred Variable Remuneration is subject to a prior analysis of a long-term multi-year performance assessment that is verified and confirmed during the performance assessment review. Payment of the Deferred Part of the Variable Remuneration requires in any case the fulfilment of the following conditions:

- Performance/ex-post risks adjustments

BIL Group may reduce part of or all the Variable Remuneration that has not been paid out yet in case the sustainability of the performance of the institution as a whole, the entity and / or the staff member is not in line with expectations. As an ex-post risk adjustment measure, Malus will be used to reduce part of or all the deferred remuneration in order to take into account the potential negative underlying performance of BIL Group as a whole, of the BIL Group entity or of the Identified Staff individual.

A Malus will be applied:

- In case of misbehaviour or serious error by the staff member (e.g. breach of code of conduct or other internal rules, especially concerning risks). If a Malus is applied, all deferred but not yet vested bonus amounts (as well as the bonus amount for the current year) will be reduced in proportion to the severity and impacts of the error / misbehavior.



- When BIL Group and/or the underlying BIL Group entity suffers a significant downturn in its financial performance. If the performance for the year, assessed at Group and entity level under review is more than 20% lower than those in place when the deferred bonuses were granted, these deferred bonuses will be reduced in proportion to the performance decrease, unless this decrease is fully independent of the strategy employed during the previous years.
- When BIL as a whole and/or the underlying BIL Group entity in which the staff member works suffers a significant failure of risk management. If this is the case, all deferred, but not yet vested, bonus amounts (as well as the bonus amount for the current year) will be reduced in proportion to the severity and impacts of the failure.
- In case of significant changes in the institution's economic or regulatory capital base.
- Existence of a professional relationship

There needs to be a professional relationship under a contract of employment or, as the case may be, a mandate as a director and/or as a member of a management board, linking the beneficiary to a BIL Group entity on the date of payment. Notwithstanding this principle, if the contract is terminated by statutory or early retirement, or on BIL Group's initiative on grounds other than serious misconduct, or by automatic termination of the employment contract in accordance with article L.121-4 of the Labour Code or by death, the beneficiary whose contract is terminated may, nonetheless, remain entitled to the Deferred Parts of his Variable Remuneration. The Deferred Parts of the Variable Remuneration will be settled in line with the original vesting schedule and the principles of this Charter (in particular ex-post risk adjustments). The Deferred Parts of the Variable Remuneration will not be paid if the beneficiary leaves BIL Group voluntarily or if there is a termination on the grounds of serious misconduct. Nevertheless, the BOD reserves the right to adopt a more favourable position, on a case-by-case basis, upon recommendation of the BRNC, in accordance with the applicable laws and the TOR BRNC.

5.5 Specific provisions

5.5.1 Claw-back

Payment of Variable Remuneration is based on the premise that, during the period when the Identified Staff member was working within BIL Group, he / she fully observed the law and the regulations specific to the relevant entity as well as the values of the BIL Group.

In case fraud is observed after the award of a Variable Remuneration and in cases where the Variable Remuneration might have been granted on the basis of intentionally erroneous information, the BOD reserves the right to claim back the part of the Variable



Remuneration which might already have been paid, or at least to recover equivalent damages and interest, in cases where BIL might have suffered a significant loss.

BIL has the authority to reclaim any variable compensation granted. The Claw-back provision is applied in case of established or proven fraud or in case of use of misleading information, if enforceable under local employment law.

5.5.2 Prohibitions of guaranteed Variable Remuneration

A Variable Remuneration is by no way guaranteed. In very particular circumstances, the only exception relates to the recruitment of new staff members to whom a Variable Remuneration might be guaranteed during the first year of employment

5.5.3 Compensation and buy out from previous employment contract

In exceptional circumstances, the Identified Staff could be entitled to a one-time lump sum compensating the loss of the Variable Remuneration by leaving his previous employer.

Variable Remuneration pay-out principles will apply automatically and a dedicated clause will be inserted in the employment contract.

5.5.4 Severance payments

Without prejudice to the application of the relevant and applicable legal and regulatory framework and agreements binding the relevant entity, payments associated with the early termination of an employment contract and/or a mandate as a member of the Management Board must reflect effective performance achieved over time and are designed not to reward failure or misconduct.

There are no so-called golden parachutes in the BIL Group's Remuneration Charter.

The BRNC decides in a consolidated manner, on termination packages for MB Members, in the event of termination of an employment and (if required) recommends to the BOD for approval.

Severance pay will not be awarded in case of an obvious failure allowing the relevant entity of the BIL Group to terminate the employment contract with immediate effect. Failure of Identified Staff will be assessed on a case by case basis and will notably include the situations described in the EBA Guidelines (e.g. acting contrary to BIL internal rules, values and procedures, not meeting BIL's standard of fitness and proprietary).

Severance pay will not be awarded in case the employee/member of the Management Board resigns. In case the employment contract is terminated by mutual consent, the potential severance payment will be considered and reviewed, on a case by case basis and subject to Applicable Laws by the BRNC, and recommended to the BOD for decision.



Severance payments may be paid out in the context of a settlement agreement in order to prevent or terminate a potential or current labour dispute leading to costly and long labour court procedures. Severance payments are granted in the event a labour court might declare the dismissal as unfair. In order to assess whether a dismissal is likely to be declared unfair by labour courts, BIL Group will, as need may be, seek to assistance of internal or external labour law specialists.

The labour law specialists will counsel BIL Group on the appropriate amount to be granted.

BIL Group will ensure that it does not pay severance amounts greater than applicable under the laws, regulations and collective bargaining agreements or exceeding the benefits generally fixed by the competent courts.

Severance pay is considered by the EBA Guidelines, as Variable Remuneration. Severance paid to Identified Staff will thus in principle be subject to all principles described in this Charter (e.g. deferral and payment in instruments) except for those amounts of severance payments that are mentioned under rule 154 of the EBA guidelines.

5.5.5 Prohibition of personal hedging

It is forbidden for staff members to use personal hedge or insurance strategies linked to the remuneration or to responsibility in order to offset the impact of the ex-ante and ex-post risk alignment measures incorporated in the Charter.

Every Identified Staff is asked to comply with such requirement by accepting the principles laid down in the Remuneration Charter

6 Governance: roles and responsibilities in the design, implementation and ongoing supervision of the Charter

6.1 The Board of Directors (BOD)

The BOD is responsible for the design, the review and the correct implementation of the Remuneration Charter. It ensures its compliance with mandatory Applicable Laws.

In this context, the BOD acts upon the recommendation of the BRNC, based on preparation and proposed amendments of the relevant Internal Control Functions (Risk Management, Compliance, Internal Audit) PCC and Secretary General departments. If need may be, the BOD may seek the assistance of external remuneration specialists.

The BOD ensures that the implementation of the Charter is reviewed on a regular basis by the BRNC, which must be assisted by the Internal Control Functions or by external experts. Such independent review will assess whether the remuneration system (i) operates as intended, and (ii) is compliant with the Applicable Laws.



The BOD has final decision power and responsibility regarding all aspects of the Remuneration Charter.

6.2 The Board of Remuneration and Nominations Committee (BRNC)

BIL operates in the financial market place giving rise to business, regulatory, financial, operational and human capital issues from many aspects of its activities. The BRNC is a BOD specialised committee and has been set up by the BOD in order to ensure the smooth management and operation of all relevant nomination and remuneration matters and as part of the governance structure of BIL. The BRNC operates through two sub-meetings provided for in the TOR of the BRNC.

The responsibilities and the functioning of the BRNC at the level of BIL S.A. are laid down in the TOR of the BRNC. The TOR BRNC are reviewed annually by the BRNC and subsequently considered and if thought fit, approved by the BOD to ensure its perfect compliance with the Applicable Laws.

The BRNC is organized in two sub-meetings (1) sub-meeting BRNC siting for - Nominations matters (hereinafter “BRNC-N”) and (2) sub-meeting BRNC siting for Remuneration matters (hereinafter “BRNC-R”).

6.3 The Management Board Members

Whereas the overall responsibility for the Charter is in the hands of the BOD, the Management Board of BIL S.A. and more broadnsures the correct operational implementation of the Charter throughout the BIL Group and takes all appropriate measures to ensure that the Charter is applied properly and in line with mandatory local regulations.

6.4 The Internal Control Functions

BIL Group Internal Control Functions design and the review of the Charter:

6.4.1 Internal Audit

- Takes part, in the annual identification of the Identified Staff;
- Takes part in the annual review of the Charter in collaboration with other Internal Control Functions and the Legal department;
- Reviews *on a regular basis the practical application of the Charter within BIL Group*
- Assesses employees against the key result “*Compliance, Risk and Business Ethics*”.

6.4.2 Compliance

- Takes part, in the annual identification of the Identified Staff;



- Communicates to the PCC Department any new regulations to be taken into account with regard to the Charter;
- Takes part in the annual review of the Charter to ensure it effectively complies with regulatory requirements, in close collaboration with PCC, other internal functions and Legal departments.
- Assesses employees against the key result “*Compliance, Risk and Business Ethics*”.

6.4.3 Risk Management

- Takes part, in the annual identification of the Identified Staff;
- Takes part in the annual review of the Charter to ensure it effectively complies with regulatory requirements, in close collaboration with PCC, other internal functions and Legal departments.
- Assesses employees against the key result “*Compliance, Risk and Business Ethics*”.

6.4.4 Human Resources

The function of human resources is carried out by PCC department:

- PCC is the process owner and coordinator of the Charter definition and implementation process;
- PCC proceeds to the annual review and updates the Charter on the basis of the new regulatory requirements in collaboration with the Internal Control Functions and adapts BIL Group procedures and processes accordingly;
- PCC informs staff and concerned parties about all changes;
- PCC coordinates the circulation of the Charter within BIL Group, follows-up on the approval by local management, keeps track of the finalized version applicable in each entity;
- PCC ensures that BIL Group entities comply with the Charter during the appraisal/reward process (coherence checks, awareness of managers, etc...);
- PCC, together with Secretary General Office, initiates updates especially regarding the identification of the Identified Staff;
- PCC manages the day-to-day performance assessment and pay-out processes.

7 Disclosure

7.1 Internal disclosure

Employees of BIL Group are informed through the Intranet and/or by their hierarchy during the annual performance assessment and reward process of the main principles of this Charter.

The discretionary nature of the Variable Remuneration is mentioned in the employment contracts.



BIL Group informs its staff members appropriately and timely of any amendments to the Charter which might affect them.

7.2 External disclosure

As set out in (1) article 450 (Part Eight) of EU Regulation 575/2013 on prudential requirements, and (2) article 22(2) & (f) of the EU Directive 2011/61 on AIFM, BIL Group makes available to the public information regarding its remuneration policy and practices for those categories of staff whose professional activities have a material impact on BIL Group's risk profile (i.e. the Identified Employees).