

ICBC (Europe) S.A. (the “Bank”) is subject to the Luxembourg law of 5 April 1993 on the financial sector, as amended (LFS).

Since it maintains an own website ([www.icbc.eu](http://www.icbc.eu)), it is obliged to provide there for an explanation, in accordance with Art. 38-11 LFS, on how it complies with Art. 38-1 to 38-9 LFS.

To the extent the aforementioned provisions are applicable to the Bank, the required explanations are given as follows:

#### **Art. 38-1 Governance arrangements**

The Bank follows the rules provided for by the competent Luxembourg regulator (the “Commission de Surveillance du Secteur Financier”, CSSF) in order to fulfil its corporate governance obligations and when performing its business activities; the bank especially abides by the principles and rules set by the circular CSSF 12/552 as amended by Circulars CSSF 13/563, CSSF 14/597, CSSF 16/642, CSSF 16/647 and CSSF 17/655.

The Board of Directors (BoD) of the Bank has the overall responsibility for the Bank. It ensures the execution of activities and preserves the business continuity by way of sound central administration and internal governance arrangements.

The Authorized Management (AM) receives decision powers by delegation from the BoD, so as to act within the guiding principles and authorization approved by the BoD.

The Bank’s headquarters in Luxembourg defines the scope and limits of powers which it delegates to the management of its EU branches, in order to ensure a proper regular monitoring of the branches and their activities.

Internal procedures have been established to prevent any conflicts of interest among both the members of the BoD and the AM, in order to ensure their objectivity and independence during the decision making.

#### **Art. 38-2 Management body**

The Bank has set up rules and criteria for the selection of the members of its management body in accordance with the legal requirements. It has formulated regulations, which shall ensure that the members of its BoD and AM commit sufficient time to overseeing the implementation of the business strategy and to other matters for which they are in charge.

The Bank attaches great importance to the training of both its BoD and AM and organizes the training in accordance with the applicable laws and regulations.

The Bank follows the principles of the “Key Function Position Holders Appointment and Succession Policy” as set by the CSSF.

#### **Art. 38-4 Public disclosure of return on assets**

The Bank, in accordance with its financial reporting process, shall disclose in its annual accounts, the return on assets (ROA) key indicator, calculated as its net profit divided by its total balance sheet.

#### **Art. 38-5 Remuneration policies & Art. 38-6 Variable elements of remuneration**

The Bank has implemented a detailed remuneration policy so as to reflect and implement all the legal and regulatory requirements. Amongst others, the purpose of the policy is to set up remuneration principles for both, the fixed and variable remuneration, compatible with the business strategy, goals, values, long-term interests and with a sound and efficient risk

management, which encourages such management and will not lead to an excessive risk taking by the members of the Bank. In defining the variable part of its employees and management remunerations, the Bank takes into account current and future risk planning and the cost of capital employed and liquidity required so as to ensure the Bank's ability to sustainably maintain or recover an appropriate capital base. The variable remuneration, unlike fixed remuneration, is a form of compensation linked to risk and therefore tied to performance measures on an individual basis as well as on a collective in accordance to predefined qualitative and quantitative objectives, including financial and non-financial KPIs.

Going further, the policy ensures that practices and procedures are aligned with conflict of interest and conduct of business obligations, taking into consideration the Bank's clients' best interests.

The policy will be subject to an annual review. This review will determine whether the Bank's actual remuneration practices are consistent with its remuneration policy and with the applicable legal framework.