



# **BNP PARIBAS FORTIS'**

# **Corporate Governance**

# **Charter**



## Statement of the Board of Directors on the Corporate Governance Charter

BNP Paribas Fortis is a limited liability company (*'naamloze vennootschap' (NV)/ 'société anonyme' (SA)*), incorporated under Belgian law, having its registered office at Warandeberg/Montagne du Parc 3, 1000 Brussels and registered under the number BE 0403.199.702 (the **"Bank"** or **"BNPPF"**).

BNPPF is also a Belgian credit institution. It moreover qualifies as an organization of public interest, according to the Code on Companies and Associations (**"CCA"**).

Moreover, and even if BNPPF is not a listed company as defined by the applicable legislation, it has however issued debt securities that are listed on a regulated market in the meaning of article 2, 3° of the law of 2 August 2002 (as amended) regarding the supervision of the financial sector and financial services. In addition, but without the involvement of BNPPF itself, its shares are traded from time to time on a multilateral trading facility in the meaning of article 2, 4° of the same law of 2 August 2002.

Taking into account the above, BNPPF has drafted and approved this Corporate Governance Charter that covers certain requirements set forth by article 75, §1, second alinea of the law of 25 April 2014 on the statute and supervision on credit institutions and stockbroking firms (the **"Banking Law"**).

This Corporate Governance Charter has been created in accordance with the above-mentioned references, as well as with the European Banking Authority (**"EBA"**) Guidelines *EBA/GL/2021/05* on internal governance and the related National Bank of Belgium (**"NBB"**) circular *NBB\_2021\_28*.

Moreover, in accordance with article 3:8 of the CCA and article 1 of the Royal Decree of 12 May 2019 designating the corporate governance code to be applied by listed companies, BNPPF decided to apply as much as possible the *'Belgian Corporate Governance Code 2020'* (hereinafter the **"2020 CG Code"**).

The 2020 CG Code can be consulted on <http://www.corporategovernancecommittee.be>.

More specifically, this Corporate Governance Charter contains information on (i) the shareholders' structure, (ii) the Group to which BNPPF belongs, (iii) the corporate bodies of BNPPF, (iv) the internal control organisation, (v) the principles governing its integrity code and management of conflicts of interests; and (vi) the main business continuity principles. A view is furthermore given on the Secretary General's Office and on the Statutory Auditors.

For all other matters as referred to in article 75, §1, second alinea of the Banking Law, reference is made to the website of BNPPF and in particular to the BNPPF' annual report and the BNPPF CSR report.



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## 1. BNP PARIBAS FORTIS IS A BELGIAN CREDIT INSTITUTION PART OF THE BNP PARIBAS GROUP

### 1.1. Credit institution

BNPPF, as Belgian credit institution, is subject to Belgian law and to the various circular letters and regulations of the National Bank of Belgium, having its registered office address at boulevard de Berlaimont 14, 1000 Brussels (the “**NBB**”) and of the Financial Services and Markets Authority, having its registered office address at rue du Congrès 12-14, 1000 Brussels (the “**FSMA**”). It is supervised by three financial supervisors, *i.e.* the NBB, the FSMA and the European Central Bank located at Frankfurt-am-Main, Germany (the “**ECB**”).

The NBB, the ECB and the FSMA are together and/or separately referred to as the “**relevant supervisor**”.

### 1.2. BNP Paribas Group

The Bank is part of the BNP Paribas Group, of which the parent company is BNP Paribas, a limited liability company under French law, having its registered office address at boulevard des Italiens 16, 75009 Paris, France, registered under number 662 042 449 RCS Paris (“**BNPP**”). The BNP Paribas Group ([www.bnpparibas.com](http://www.bnpparibas.com)) has a presence in 65 countries with close to 190,000 employees, of which about 155,000 in Europe.<sup>1</sup>

**Shares and share capital.** On 21 April 2022, BNPPF had a share capital of EUR 10,964,767,634.40 which is represented by 565,194,208 ordinary shares, none of which is listed. Each share carries the right to one vote at a general shareholders’ meeting. There are no categories of shares. No profit-sharing certificates have been issued.

On 22 April 2021, the extraordinary general shareholder’s meeting of BNPPF renewed and approved the authorized capital, within the meaning of article 7:198 of the CCA, of EUR 10,964,767,634.40 for a five-year period. BNPPF is also authorized, within the limits and conditions set by the law, to pledge its own shares (and profit-sharing certificates, if any).

### 1.3. Shareholding of the Bank

As at September 1<sup>st</sup>, 2022, BNPP owns 99.94% of the shares of the Bank. The remaining 0.06% of the shares is held by minority shareholders, some of whom are registered. As far as permitted by applicable rules and regulations, BNPPF enters in a dialogue with its minority shareholders based on mutual understanding of objectives and concerns.

Some minority shareholders trade small numbers of shares through Euronext Expert Market’s weekly auctions (without the involvement of BNPPF).

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<sup>1</sup> As at December 31<sup>st</sup>, 2021.



Applicable law imposes notification requirements upon certain shareholders towards the relevant supervisor and BNPPF in the event of acquisition, enlargement or disposal of participations in BNPPF.

In addition, applicable law also requires that certain shareholders must be of a “fit and proper character” (necessary professional standing and appropriate experience) to ensure proper and careful management.

#### **1.4. Mission and Purpose of BNPPF**

It is BNPPF’s mission to finance the Belgian economy, to provide advice to its clients, to help them to realise their projects and to manage their investments and savings, as is defined in its purpose “*Together we commit to a better society as the trusted financial companion, at all moments of our clients’ life*”.

## **2. BOARD OF DIRECTORS**

BNPPF is managed by its Board of Directors. In accordance with article 24 of the Banking Law, the Board of Directors has set up an Executive Board. In addition, several Board Committees have been set up to advise and assist the Board of Directors.

### **2.1. Composition**

#### **2.1.1. Principle**

The Board of Directors of BNPPF is composed out of not less than five (5) and not more than thirty-five (35) physical persons<sup>2</sup>.

In addition to its directors, and if and when deemed appropriate, the Board of Directors may, at any given time, invite one or more persons, on a permanent or occasional basis, as the case may be, to assist the Board of Directors and to provide advice to the Board of Directors. Invitees will not have voting rights and their presence or absence at the meeting of the Board of Directors will be of no influence on the attendance quorum of the Board of Directors.

#### **2.1.2. Suitability criteria and assessment**

The BNPPF considers the composition of the Board of Directors with a balanced mix of (i) skills and competences, (ii) age and gender and (iii) non-executive directors, whether independent or not, and executive directors. Members of the Executive Board may however not constitute the majority in the Board of Directors. All directors must at all times be **fit** and **proper** for the exercise of their function<sup>3</sup>.

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<sup>2</sup> Article 14 of the Articles of Association.

<sup>3</sup> Article 19, §1 of the Banking Law and NBB Circular\_2021\_27/ EBA Guidelines of 2 July 2021 on the assessment of the suitability of members of the management body and key function holders.



BNPPF will assess and evaluate the suitability of each nominee director (including in case of nomination for re-appointment) prior to the appointment of such nominee director. BNPPF will also assess and evaluate each director as well as the collective suitability of the members of the Board of Directors on an ongoing basis and at least once a year.

Moreover, other diversity related criteria (such as educational and professional background and geographical provenance) will also be taken into account with regard to a candidate's suitability.

Regular training sessions will be organised for the members of the Board of Directors to ensure continuous and permanent training.

More specifically, the decision whether a director is suitable belongs to the competence of the Board of Directors, upon recommendation of the Governance and Nomination Committee. The appointment will be subject to a separate suitability assessment subsequently performed by the relevant supervisor.

In addition to the assessments referred to above, a director must inform BNPPF immediately and without delay of any (new) fact or circumstance which may occur in the performance of his/her duties and that might impact his/her suitability.

### **2.1.3. Appointment, duration and termination**

**Directors** are formally (re-)appointed by the general shareholders' meeting, upon a simple majority of votes casted, upon proposal by the Board of Directors, itself upon recommendation by the Governance and Nomination Committee and subject to the prior suitability approval by the relevant supervisor. The **chairperson** of the Board of Directors is appointed by the Board of Directors, upon a simple majority of the votes casted, among its non-executive directors and subject to the suitability approval by the relevant supervisor.

Directors are appointed for one (1) or more renewable periods, each individual period covering not more than four (4) full accounting years of BNPPF.

In general, a director's mandate ends at its intended **expiration date**, it being understood that a director's mandate generally ends immediately following the annual general shareholders' meeting deciding on the annual accounts of the mandate's last accounting year.

The general shareholders' meeting can, prior to the expiration date of a director's term of office, upon a simple majority of the votes casted, **dismiss** such director, provided that the regulations regarding the dismissal of directors, which are applicable to credit institutions, are complied with.

When a director **resigns** prior to the end of his/her term, the Board of Directors consisting of the remaining directors, upon suitability assessment and recommendation of the Governance and Nomination Committee, and subject to approval from the relevant supervisor, may appoint a person to fulfil such term ("co-optation"). At the occasion of the next meeting, the general shareholders' meeting needs to confirm the appointment of such director and will determine the duration of such director's mandate.

In such case, special attention will be given to the new overall composition of the Board of Directors.

### **2.1.4. Remuneration**





The general shareholders' meeting will decide on the directors' remuneration through the approval of a fixed envelope to be allocated based on the applicable internal rules. The remuneration of the directors can consist of a fixed remuneration and/or of a payment of attendance fees. In addition, the Board of Directors may decide to remunerate directors who are entrusted with special duties or missions.

## 2.2. Competences

In general, the competences of the Board of Directors are set forth in the Banking Law and the regulations of the NBB, both of which are to be read as '*lex specialis*' versus the CCA, which is to be considered as the '*lex generalis*'.

The Board of Directors is responsible for BNPPF<sup>4</sup>. This covers in particular the two following missions: (i) definition of the strategy, and the (ii) supervisory function.

In accordance with article 23 of the Banking Law, the Board of Directors defines and controls in particular:

- the **strategy and goals** of BNPPF;
- the **risk policy** (including the risk appetite) of BNPPF;
- the **organisation of BNPPF for the provision of investment services and activities**;
- the **integrity related policies**; and
- the BNPPF's **Internal Governance Memorandum ("IGM")**.

The Board of Directors has set up an executive body, *i.e.* the **Executive Board** ('*directiecomité*' / '*comité de direction*'), that has all the powers of a management board with the exception of everything which, by virtue of the CCA or the Banking Law, remains with the Board of Directors.

The Board of Directors supervises the Executive Board, which includes the supervision of BNPPF's business and management.

The Board of Directors also supervises the activities of the **internal control functions**<sup>5</sup> (namely risk, audit and compliance) which, at their turn, support and control the businesses and functions of BNPPF.<sup>6</sup>

## 2.3. Chairperson of the Board of Directors

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<sup>4</sup> Article 23 of the Banking Law.

<sup>5</sup> BNPPF Internal Control Charter.

<sup>6</sup> Article 56, §3 of the Banking Law.



The chairperson of the Board of Directors is responsible for taking the lead in all initiatives that are designed to ensure that the Board of Directors functions effectively and smoothly and in compliance with prevailing regulations.

## **2.4. Functioning**

### **2.4.1. Meetings of the Board of Directors**

The Board of Directors is generally convened twelve (12) times per accounting year, each time the interest of BNPPF so requires and each time two (2) or more directors so request.

Except in cases of "*force majeure*", decisions and resolutions of the Board of Directors are validly adopted only if at least half of its members are present or represented at the meeting. Decisions and resolutions are adopted by a simple majority of the votes casted. If there is an even vote, the chairperson of the Board of Directors has the casting vote.

In exceptional cases justified by considerations of urgency and the interest of BNPPF, and if and to the extent permissible by law, decisions of the Board of Directors may be taken in writing upon unanimous agreement of all directors.

Minutes are taken at every meeting of the Board of Directors by the secretary of the meeting. The approved minutes are signed by the person who chaired the meeting and, pursuant to the articles of association, by the majority of the directors who attended the deliberations and votes.

### **2.4.2. Board Committees**

In order to be able to fulfil its role and responsibilities efficiently and in accordance with applicable law, the Board of Directors has set up a number of regulated **Board Committees**, *i.e.* the Audit Committee, the Risk Committee, the Remuneration Committee and the Governance and Nomination Committee, composed exclusively out of non-executive directors. These committees are designed to offer advice and assistance to the Board of Directors on several selected topics.

## **3. EXECUTIVE BOARD**

### **3.1. Composition**

#### **3.1.1. Principle**

The Executive Board is composed exclusively out of directors of BNPPF. Considering article 24, §2 of the Banking Law, the total number of members of the Executive Board must be inferior to half of the total number of directors. In addition, the Executive Board must keep the number of its members within bounds to ensure that it operates effectively and with the requisite flexibility.

When deemed appropriate, the Executive Board may, at any given time, invite one or more persons, to assist the Executive Board and to provide advice to the Executive Board. Invitees will not have voting rights and their presence or absence at or of the meeting of the Executive Board will be of no influence on the attendance quorum of the Executive Board.

#### **3.1.2. Suitability criteria and assessment**



The decision whether a member of the Executive Board is suitable belongs to the competence of the Board of Directors, upon recommendation of the Governance and Nomination Committee. The appointment will be subject to a separate suitability assessment subsequently performed by the relevant supervisor.

### **3.1.3. Appointment, duration and termination**

The members and the chairperson of the Executive Board are appointed by the Board of Directors upon recommendation by the Governance and Nomination Committee and subject to the prior suitability approval of the relevant supervisor.

Members of the Executive Board are appointed for one (1) or more renewable periods, each individual period covering not more than four (4) full accounting years of BNPPF.

In general, a member of the Executive Board's mandate ends at its intended expiration date, it being understood that the mandate of a member of the Executive Board generally ends immediately following the annual general shareholders' meeting deciding on the annual accounts of the mandate's last accounting year.

A member of the Executive Board may resign prior to the end of his/her term of office.

Also, the Board of Directors can, prior to the expiration date of a member of the Executive Board's term of office, upon a simple majority of the votes casted, **dismiss** such member of the Executive Board, provided that the regulations regarding the dismissal of Executive Board members, which are applicable to credit institutions, are complied with.

It is the Bank's policy, unless decided differently by the Board of Directors, that subject to the CCA, if the office of a member of the Executive Board ends, s/he will resign simultaneously his/her director's mandate. For the avoidance of doubt it is specified that if a director's mandate ends prior to its term, be it following a resignation or a dismissal, the mandate of Executive Board member will end at the same time.

### **3.1.4. Remuneration**

The remuneration of the members of the Executive Board is determined by the Board of Directors, for the executive part of the remuneration (linked to their management function – Executive Board), and by the shareholders meeting for the non-executive part of the remuneration (linked to their supervisory function – Board of Directors).

## **3.2. Competences and authorities**

### **3.2.1. Competences of the Executive Board**

As stated in the CCA , the Executive Board has all the powers of the Management Board ('Conseil de Direction'/'Directieraad'). Some of the competences of the Executive Board are



also set forth in the Banking Law and the regulations of the NBB, both to be read as '*lex specialis*', versus the CCA, which is to be considered as '*lex generalis*'.<sup>7</sup>

The Executive Board in particular is responsible for the operational implementation of BNPPF's strategy.

The Board of Directors supervises the Executive Board<sup>8</sup> and the Executive Board is accountable to the Board of Directors for the proper performance by the Executive Board of its responsibilities.

In this respect, and although the Executive Board has collegial responsibility for BNPPF's management, each individual member is individually responsible for a given area, be it a specific business or a specific function.

### **3.2.2. Responsibilities of the Chairperson of the Executive Board**

The Chairperson of the Executive Board, also known as the CEO, provides leadership to enable the Executive Board to act effectively. He is responsible for the relationship between the Executive Board and the Chairperson of the Board of Directors. He generally acts as the spokesperson for the Executive Board on matters of general interest to BNPPF in its dealings with management and staff.

### **3.2.3. Responsibilities of the members of the Executive Board**

Each member of the Executive Board must keep the Executive Board informed and each member of the Executive Board has the right to be kept informed at its turn by the Executive Board.

The members of the Executive Board must submit to the Executive Board all matters that fall within their individual remit and are individually accountable for the fair and proper application of the decisions that the Executive Board takes.

### **3.2.4. Authority to represent the Bank**

According to article 23 of the articles of association, subject to exception, BNPPF is validly represented in all acts and before courts, both as plaintiff and defendant, by two (2) directors, who are at the same time members of the Executive Board, acting jointly, or by special proxy holders.

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<sup>7</sup> Article 24 of the Banking Law.

<sup>8</sup> Article 56, §2 of the Banking Law.



### 3.3. Functioning

#### 3.3.1. Meetings of the Executive Board

In principle, the Executive Board is convened once a week.

The Executive Board is a collegiate body; this means that decisions and resolutions are taken by consensus reached after deliberation by the body as a whole. Decisions and resolutions of the Executive Board are validly adopted only if at least three (3) of the Executive Board members are present.

Minutes are taken at every meeting of the Executive Board by the secretary of the meeting. The approved minutes are signed by the secretary of the meeting.

#### 3.3.2. Executive Committee

An Executive Committee has been set-up to assist the Executive Board with the fulfilment of its role and responsibilities and to advise the Executive Board if and when useful. Unless the Executive Board decides differently, the Executive Committee is convened simultaneously if the matters of the agenda allow it.

## 4. BOARD COMMITTEES

In order for the Board of Directors to be able to fulfil its role and responsibilities efficiently and in accordance with article 27 of the Belgian Banking Law, the Board of Directors has set up four (4) regulated committees, as follows:

- an **Audit Committee**;
- a **Risk Committee**;
- a **Remuneration Committee**; and
- a **Governance and Nomination Committee**.

These regulated Board Committees are composed exclusively out of non-executive directors (the majority of whom must also be independent in the meaning of article 3:83° of the Banking Law). A director can be a member of maximum three (3) of such regulated Board Committees and each regulated Board Committee is not composed of the same group of members that forms another regulated Board Committee.

In addition, the Board of Directors may set up at any given time other *ad-hoc* Board Committees in order to assist and advise the Board of Directors or to deal with specific matters if required. The role of these Committees is to assist and advise the Board of Directors on a number of selected items in order to facilitate the development and implementation of a sound internal governance framework.

### 4.1. Audit Committee

#### 4.1.1. Composition

In accordance with article 27 of the Banking Law, BNPPF is required to set up an Audit



Committee to assist the Board of Directors with audit (related) matters.

The Audit Committee is composed of at least three (3) non-executive directors, of which at least two (2) directors are independent directors within the meaning of article 3:83° of the Banking Law. The majority of the members of the Audit Committee shall at any time consist of independent directors.<sup>9</sup>

The chairperson of the Audit Committee is an independent director and cannot be the chairperson of the Board of Directors nor of any other regulated Board Committee.

#### **4.1.2. Suitability criteria and assessment**

In addition to the suitability criteria applicable to independent non-executive directors, the chairperson of the Audit Committee is expected to also meet the requirements set out in his/her function profile. At least one (1) member of the Audit Committee must have an expertise in the field of audit and accounting<sup>10</sup>. The Governance and Nomination Committee will assess whether the requirements applicable to the chairperson and members of the Audit Committee are met. These appointments will also need to undergo a suitability assessment by the relevant supervisor.

The Board of Directors appoints the members and chairperson of the Audit Committee upon recommendation by the Governance and Nomination Committee and subject to suitability approval by the relevant supervisor.

Members of the Audit Committee are in principle appointed for the duration of their term as director.

The remuneration of the members of the Audit Committee is determined by the Board of Directors, in accordance with the remuneration policy as per the recommendation of the Remuneration Committee.

#### **4.1.3. Competences**

The competences<sup>11</sup> of the Audit Committee, which are set forth in the Banking Law and the CCA, include: provision of information, finance, internal control and risk management, Compliance, internal audit and external audit. The Audit Committee shall, upon request of the Board of Directors, assist (which includes making recommendations to) the Board of Directors in all audit and accounting related matters. The Audit Committee reports to the Board of Directors on its missions on a regular basis and at least at the occasion of the preparation of the statutory accounts and financial statements to be published.

#### **4.1.4. Functioning**

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<sup>9</sup> Law of 7 December 2016 regarding the organisation of the profession of and the public supervision of the statutory auditors.

<sup>10</sup> Article 27 of the Banking Law.

<sup>11</sup> Article 28, §2 of the Banking Law refers to the missions provided for in the CCA.



The Audit Committee follows a regular meeting schedule of at least five (5) meetings per year. Additional meetings are convened as required.

## **4.2. Risk committee**

### **4.2.1. Composition**

In accordance with article 27 of the Banking Law, BNPPF is required to set up a Risk Committee to assist the Board of Directors with risk (related) matters.

The Risk Committee is composed of at least three (3) non-executive directors, of which at least two (2) directors are independent directors within the meaning of article 3:83° of the Banking Law.

The chairperson of the Risk Committee is an independent director and cannot be the chairperson of the Board of Directors, nor of any other regulated Board Committee<sup>12</sup>.

### **4.2.2. Suitability criteria and assessment**

In addition to the suitability criteria for (independent) non-executive directors, all members of the Risk Committee individually and collectively have the required knowledge, expertise, experience and skills in order to be able to challenge the risk tolerance, risk strategy and risk management of BNPPF and to participate actively in the discharge of all the duties of the Risk Committee. In addition to the suitability criteria for Risk Committee members, the chairperson of the Risk Committee is expected to also meet the requirements set out in his/her function profile. The Governance and Nomination Committee will assess whether the suitability requirements applicable to the members and chairperson of the Risk Committee are met. The potential members and chairperson of the Risk Committee will also need to undergo a suitability assessment by the relevant supervisor.

The Board of Directors appoints the members and chairperson of the Risk Committee upon recommendation by the Governance and Nomination Committee and subject to prior suitability approval by the relevant supervisor.

Members of the Risk Committee are in principle appointed for the duration of their term as director.

The remuneration of the members of the Risk Committee is determined by the Board of Directors, in accordance with the remuneration policy as per the recommendation of the Remuneration Committee.

### **4.2.3. Competences**

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<sup>12</sup> NBB Governance Manual of October 2021.



The Risk Committee shall assist (and make recommendations to) the Board of Directors in all risk (related) matters. In particular, the Risk Committee reports to the Board of Directors on all major litigations and regulatory developments it has been informed with. In addition, the following special competences of the Risk Committee are set forth in article 29 of the Banking Law: (i) strategy and risk appetite, (ii) price setting and (iii) remuneration policy.

#### **4.2.4. Functioning**

The Risk Committee follows a regular meeting schedule of at least five (5) meetings per year. Other meetings are convened as required.

The Risk Committee reports regularly to the Board of Directors on the performance of its tasks.

### **4.3. Remuneration Committee**

In accordance with article 27 of the Banking Law, BNPPF is required to set up a separate Remuneration Committee to assist the Board of Directors with remuneration (related) matters.

#### **4.3.1. Composition**

The Remuneration Committee is composed of at least three (3) non-executive directors, of which at least two (2) directors are independent directors within the meaning of article 3:83° of the Banking Law.

The Remuneration Committee must be composed in such a way that it can render a sound and independent judgement on the remuneration policy and reward practices and related incentives considering risk control, net equity needs and liquidity position of BNPPF.

The chairperson of the Remuneration Committee is an independent director.

#### **4.3.2. Suitability criteria and assessment**

In addition to the suitability requirements applicable to independent non-executive directors, the chairperson of the Remuneration Committee is expected to also meet all the requirements as set out in his/her function profile. The Governance and Nomination Committee will assess whether the requirements applicable to the members and chairperson of the committee are met. The potential members and chairperson of the Remuneration Committee will also need to undergo a suitability assessment by the relevant supervisor.

The Board of Directors appoints the members and chairperson of the Remuneration Committee. The chairperson of the Remuneration Committee is appointed by the Board of Directors upon recommendation by the Governance and Nomination Committee and subject to suitability approval by the relevant supervisor.

Members of the Remuneration Committee are in principle appointed for the duration of their term as director.

The remuneration of the members of the Remuneration Committee is determined by the Board of Directors, in accordance with the remuneration policy as per the recommendation of the Remuneration Committee.





### **4.3.3. Competences**

The competences of the Remuneration Committee are set forth in the Banking Law and include being capable of rendering a sound and independent judgement on the remuneration policy and reward practices and related incentives considering risk control, net equity needs and liquidity position of BNPPF.

### **4.3.4. Functioning**

The Remuneration Committee follows a regular meeting schedule of about five (5) meetings per year. Other meetings are convened as required.

The Remuneration Committee reports regularly to the Board of Directors on the performance of its tasks.

## **4.4. Governance and Nomination Committee**

In accordance with article 27 of the Banking Law, BNPPF is required to set up a separate Governance Committee to assist the Board of Directors with nomination (related) matters.

### **4.4.1. Composition**

The Governance and Nomination Committee is composed of at least three (3) non-executive directors, of which at least two (2) directors are independent directors within the meaning of article 3:83° of the Banking Law.

The Governance and Nomination Committee must be composed in such a way that it can render a sound and independent judgment on the composition and functioning of the Board of Directors and other management bodies of BNPPF and specifically on the individual and collective expertise of their members, their integrity, reputation, independence of mind and availability.

The chairperson of the Governance and Nomination Committee is an independent director.

### **4.4.2. Suitability criteria and assessment**

The Governance and Nomination Committee as a whole must have the necessary skills and competences in the field of governance and nomination regulation in the Belgian banking sector. In addition to the suitability requirements applicable to independent non-executive directors, the chairperson of the Governance and Nomination Committee is expected to also meet all the requirements as set out in his/her function profile. The Governance and Nomination Committee will assess whether the requirements applicable to the members and chairperson of the committee are met. The potential members and chairperson of the Governance and Nomination Committee will also need to undergo a suitability assessment by the relevant supervisor.

The Board of Directors appoints the members and chairperson of the Governance and Nomination Committee upon recommendation by the Governance and Nomination Committee and subject to prior suitability approval by the relevant supervisor. Members of the Governance and Nomination Committee are in principle appointed for the duration of their term as director.



The remuneration of the members of the Governance and Nomination Committee is determined by the Board of Directors, in accordance with the remuneration policy as per the recommendation of the Remuneration Committee.

#### 4.4.3. Competences

The competences of the Governance and Nomination Committee are set forth in the Banking Law and the regulations of the relevant supervisor. It includes being capable of rendering a sound and independent judgment on the composition and functioning of the Board of Directors and other management bodies of BNPPF and specifically on the individual and collective expertise of their members, their integrity, reputation, independence of mind and availability.

#### 4.4.4. Functioning

The Governance and Nomination Committee follows a regular meeting schedule. Other meetings are convened as required.

The Governance and Nomination Committee reports regularly to the Board of Directors on the performance of its tasks.

## 5. INTERNAL CONTROL ORGANISATION

The BNPPF operating entities and functions are supported and controlled by the internal control functions: Compliance, Audit and Risk.

These Internal Control Functions have been set up in accordance with the Banking Law<sup>13</sup> and in line with the organisation at BNPP Group level.

**Three lines of defense / control:** Compliance and Risk are part of the so-called '*second line of defense/control*'.

- The first line of defense / control lies with the business, that has the main responsibility for managing and mitigating the operational risks.
- The independent second line of defense / control lies with Compliance and Risk.
- The independent third line of defense / control lies with an '*ad hoc*' control function that is performed by Internal Audit.

The BNPPF Internal Control Charter, which mirrors the BNPP Group Charter provides for the principles of the internal control framework. All the Internal Control Functions are characterised by their independence towards the businesses and the functions.

All Heads of the Internal Control Functions must be different natural persons. In general, a Head of an Internal Control Function is considered to be "fit" if s/he has the knowledge, experience, skills and professional behaviour suitable for the exercise of his/her function;<sup>14</sup>

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<sup>13</sup> Article 21, §1, 4° de la Loi Bancaire juncto Articles 35 – 40 de la Loi Bancaire.

<sup>14</sup> NBB\_2021\_27.



s/he is considered to be “proper” if there are no elements suggesting differently and no reason to question his / her reputation<sup>15</sup>.

Subject to and following the relevant supervisor’s prior approval, the Board of Directors (re-)appoints the Heads of Audit, Compliance and Risk, based, as the case may be, on the recommendation formulated by the relevant committee.

The Heads of Audit, Compliance and Risk can be removed from their function only with the prior consent of the Board of Directors<sup>16</sup>.

The remuneration of the persons performing the Compliance, Audit and Risk functions is not linked to the performance of the activities that they are intended to control.

## **6. SECRETARY GENERAL’S OFFICE (‘SECRETARIAAT GENERAAL’ / ‘SECRÉTARIAT GÉNÉRAL’)**

The Board of Directors appoints a secretary, who, among others, assists and advises the chairpersons of the Board of Directors and of its committees, of the Executive Board as well as each of these bodies, in exercising their general and specific roles and duties. It is BNPPF’s internal policy that such role is fulfilled by the Secretary General of BNPPF.

The Secretary General fulfils the role of Company Secretary and acts as the secretary of the Board of Directors’ meetings, the meetings of the Board Committees, the Executive Board and the Executive Committee meetings, all as per the traditions and customs of BNPPF.

The Secretary General is moreover in charge of the organisation of the general shareholders’ meetings.

The responsibilities of the Secretary General furthermore comprise assisting the corporate bodies of BNPPF on all governance matters, *i.e.* complying with their requirements under the law, the Articles of Association and the Internal Governance Memorandum. Hence, the Secretary General, together with his/her team (the Secretary General’s Office) assists BNPPF with the continuous development of governance, in line with best market practices and the needs of BNPPF.

## **7. INTEGRITY CODE AND CONFLICTS OF INTEREST <sup>17</sup>**

### **7.1. Integrity Code**

The BNPPF Integrity Code aims to guide the conduct of all employees, as well as the decisions at all organisation levels within BNPPF. All internal policies and procedures are

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<sup>15</sup> NBB\_2021\_27.

<sup>16</sup> Article 61 of the Banking Law requires moreover that the supervisory has been notified in advance

<sup>17</sup> Article 21, § 1, 5° of the Banking Law and EBA Guidelines EBA/GL.2017/11, § 99-102.



aligned with this Integrity Code. The first part of the Integrity Code explains the rules set up by the BNPP Group on how to behave vis-à-vis each other, clients, partners, shareholders, government and representatives of civil society. These rules are based on the Group's mission and values: 'The BNPP Way'. BNPPF fully endorses the BNPP Group Code of Conduct. When necessary, the BNPPF Integrity Code has been adapted to the local context.

The BNPP Group Code of Conduct is published on [bnpp\\_codeofconduct\\_en.pdf](https://bnpparibasfortis.com/bnpp_codeofconduct_en.pdf) ([bnpparibasfortis.com](https://bnpparibasfortis.com))

The second part of the BNPPF Integrity Code consists of more detailed, practical regulations with standards and obligations that employees and management must always comply with in their behaviour. These practical rules are closely in line with the BNPP Group Code of Conduct and provide useful hints on how to apply the rules.

The third part of the Integrity Code contains BNPPF's raison d'être and ambition, which are defined on the basis of BNPPF's High 5 values. BNPPF is committed to a better society, as the trusted financial partner at any time in its customers' lives. It's BNPPF's ambition to be the leading bank, with deep roots in Belgium and globally connected, respected for its bankers, innovation and sustainable impact. BNPPF uses this as a compass in all its activities.

## **7.2. Conflicts of Interest (incl. Market abuse)**

In general, all concerned persons are expected to avoid any action, position or interest that conflicts or appears to conflict with an interest of BNPPF. This is in particular stressed out in the Integrity Code (Part II).

Moreover, all actual and potential (appearance of) conflicts of interest at Board level should be adequately and timely communicated by the (potentially) conflicted member, in order for them to be discussed, documented, decided on and duly managed by the relevant corporate and governing bodies. Moreover, the conflicted board member must abstain from participating in the discussion and from voting on any matter where s/he has a conflict of interest.

BNPPF has elaborated several specific policies in order to manage several specific conflicts of interest, such as patrimonial conflicts of interest; contracts, loans, credits and guarantees granted to Board members and their related parties; investment services and activities etc.

Directors, as well as members of the Executive Board and Responsible of internal control functions, as the case may be, must devote the time necessary for the exercise of their function within BNPPF and therefore may exercise other directors' mandates, even as a representative of BNPPF, only within certain limits.

Specific rules moreover apply in the event of intra-group transactions.

Directors, employees, proxy holders and related agents must comply with the rules set forth by applicable law relating to investment services and activities.

Although the shares of BNPPF are not listed, all directors receive, upon their nomination, a letter holding instructions in relation to personal transactions in financial instruments. This letter is issued in accordance with the Bank's policy regarding personal transactions in financial instruments.

Amongst other matters, these instructions may contain (i) prohibitions for executing personal transactions in financial instruments, (ii) obligations to execute transactions in financial



instruments only in the context of a discretionary portfolio management and (iii) up front notifications to the Bank of personal transactions in financial instruments.

## **8. BUSINESS CONTINUITY**

The mission of the Business Continuity Management team is to anticipate and manage crisis situations that could interrupt the Bank's essential operations or harm its image. Business Continuity Management therefore defines and tests (the effectiveness of) the framework for organizational and operational resilience to ensure that the core banking services remain at acceptable, predefined availability levels (even in case of a disruptive incident) and thereby safeguard the interests of BNPPF's key stakeholders, reputation and brand.

## **9. STATUTORY AUDITOR**

The general shareholders' meeting of BNPPF appoints or re-appoints the statutory auditor at three-year intervals. The statutory auditor is responsible for auditing the yearly and half yearly financial statements of BNPPF.

A credit institution selects its auditors among the list of auditors or firms of auditors accredited by the relevant supervisor. A nomination of statutory auditor requires approval by the relevant supervisor.

## **10. MISCELLANEOUS**

### **10.1. Amendment**

This Corporate Governance Charter may be amended by the Board of Directors from time to time and without prior notification.

The Board of Directors may decide to derogate from this Corporate Governance Charter about specific items, provided that the applicable rules are complied with and that such deviations are disclosed in the corporate governance statement as referred to in the 2020 CG Code.

A third party will not be entitled to derive any rights from any such derogation.

### **10.2. Partial Invalidity**

If one (1) or several provisions of this Corporate Governance Charter are or become invalid, this invalidity will not affect the validity of the remaining provisions. The Board of Directors can replace the invalid provisions by valid provisions which corresponds to the largest extent possible extent to the content of the invalid provisions given the purpose of this Corporate Governance Charter.

### **10.3. Applicable Law and Jurisdiction**

This Corporate Governance Charter is governed by Belgian Law. The Belgian courts have exclusive jurisdiction to settle disputes resulting from or relating to this Corporate Governance Charter.