



Whistleblowing Policy & Procedure

(For Internal Use Only)

Reference – CMBEU-LC-13

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Process Owner:	Compliance
Department(s) impacted:	All
Approved by:	Authorized Management
Ultimately approved by:	Board of Directors

Function/Role/Department	Reviewed by	Approved by	Last Update DD/MM/YYYY
Compliance	Authorized Management	Board of Directors	21 June 2022

Change Mechanism

- Any requirement for change must be addressed to the process owner.
- For documents with draft status, the authors may make changes.
- For documents with controlled status (= signed off by the above mentioned sign-off authority), changes must be approved by the sign-off authority.
- Review of this document is done at least on a yearly basis by the document owner.
- This document must be approved by the Authorized Management and ultimately by the Board of Directors of CMB Europe S.A.

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1. Purpose and scope

In accordance with the regulatory requirements of the CSSF Circular 12/552, as amended, Chapter 2 – Internal governance arrangements, point 6: “a management information system, including as regards risks, as well as internal communication arrangements comprising an internal alert procedure (whistleblowing) which enables the institution’s staff to draw the heads’ attention to all their significant and legitimate concerns about the internal governance of the institution.”)” and Section 5.3.4 point 93 “ The institutions shall maintain internal alert arrangements (whistleblowing) which shall enable the entire staff of the institution to draw attention to legitimate concerns about internal governance or internal and regulatory requirements in general. These arrangements shall respect the confidentiality and identity of the persons who raise such concerns and provide for the possibility to raise these concerns outside the established reporting lines as well as within the Board of Directors. The alerts issued in good faith shall not result in any liability or adverse impact of any sort for the persons who issued them.

Therefore, China Merchants Bank (Europe) S.A. (hereafter described as “CMB Europe S.A.” or the “Bank”) draws up this Whistleblowing Policy & Procedure that provides a safe and direct channel for staff members of the Bank to report knowledge or suspicion of any breach of laws, rules or regulations related the Bank’s business or internal activities.

The Bank is committed to applying whistleblowing arrangements because it will be in the interests of its employees, customers, shareholders and the supervisory authorities.

An important aspect of accountability and transparency is a mechanism to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information, which they believe shows serious malpractice.

The arrangements will respect the confidentiality of the persons, who may raise such concerns, and provide for the possibility to raise these concerns outside the established reporting lines as well as with the Board of Directors of the Bank. The warnings given in good faith will not result in any liability of any sort for the persons who issued them. It shall be implemented an internal system of awareness encouraging the entire staff to timely and easily communicate any significant and legitimate concerns related to the internal governance of the Bank.

This Whistleblowing Policy & Procedure aims at preventing malpractice by the Bank, its staff, its clients, affiliated entities and partners by enabling staff to raise serious concerns with the Bank’s management in an anonymous way, therefore protecting them from punishment or unfair treatment for disclosing concerns in good faith. All forms of harassment and violence including sexual harassment are also covered by a whistleblowing procedure in line with the ASTF’s (Luxembourg “*Association pour la santé au travail du secteur financier*”) provisions and agreements about the fact.

The detection of eventual violations will enable CMB Europe S.A. to ensure the issue is appropriately dealt with and to enforce compliance with applicable laws, internal rules and/or regulations.

Examples of issues that could be reported through the channels provided by this Whistleblowing Policy & Procedure (without limitation):

- Criminal offence;
- Money laundering and terrorism financing;
- Fraud;
- Corruption;
- Failure to comply with laws and regulations;
- Miscarriage of justice;

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- Damage to the environment;
- Intentional misreporting of performance data (e.g. accounting issues);
- Improper and/or unethical conduct;
- Discrimination;
- Sexual harassment; and
- Health and safety risk, including risks to client and/or the public as well as other staff members.

Communications will be treated confidentially, as appropriate, and the reporting of potential issues will be protected from any kind of retaliation, as long as they have acted in good faith. Whistleblowing reports should only be made where recourse to other procedures to address concerns or grievances are either not available or would be inappropriate.

It is also the Bank's policy to address any complaints that allege acts or attempted acts of interference, reprisal, retaliation, threats, coercion or intimidation against employees who report, disclose or investigate improper or illegal activities (the "Whistleblowers") and to protect those who come forward to report such activities.

This Whistleblowing Policy & Procedure should not be used for imprudent imputations or personal grievances. The procedure as described herein does not replace the current escalation procedure nor the existing procedures for handling grievances.

2. Ownership of this Whistleblowing Policy & Procedure

This Whistleblowing Policy & Procedure is maintained by the Compliance function and the HR and Admin department of the Bank for use across CMB Europe S.A. However, each department of the Bank assumes the ownership of the information escalated through this process.

This Whistleblowing Policy & Procedure shall be made available to all staff members and becomes effective once approved by the Authorized Management and ultimately approved by the Board of Directors of the Bank. This Whistleblowing Policy & Procedure will be reviewed on an annual basis at least or when required by major changes in the organization (internal governance framework) and operational processes of CMB Europe S.A. and affiliated entities or branches.

Any amendment to this Whistleblowing Policy & Procedure will be reviewed, approved by the Authorized Management and ultimately approved by the Board of Directors of the Bank.

This Whistleblowing Policy & Procedure is in addition to the Code of Conduct & Ethics of the Bank.

3. Key principles

- Any whistleblowing report must be promptly investigated;
- If appropriate, measures should be taken to address the issue immediately and ensure compliance with applicable laws, internal rules and/or regulations;
- The identity of the staff member reporting an issue must be kept confidential;
- No retaliation against the staff member reporting an issue; and
- The Compliance function must maintain a Whistleblowing inventory.

Conduct which amounts to a breach of this Whistleblowing Policy & Procedure could result in criminal or regulatory sanctions or civil liability or have an adverse effect on CMB's reputation. As a result, an

infringement of this Whistleblowing Policy & Procedure may constitute gross misconduct and may result in disciplinary action up to and including dismissal.

4. Key definitions

Whistleblower

A person or entity making a protected disclosure about improper or illegal activities is commonly referred to as a whistleblower. The whistleblower's role is as a reporting party and therefore s/he will not investigate nor find facts, nor will determine the appropriate corrective or remedial action that may be warranted.

Good faith

Good faith is evident when the report is made without malice or consideration of personal benefit and the employee has a reasonable basis to believe that the report is true; *provided*, however, a report does not have to be proven to be true to be made in good faith. Good faith is lacking when the disclosure is known to be malicious or false.

Misconduct / improper activities

Examples of misconduct include, but not limited to, suspicion of money laundering, terrorism financing (by customer or employees) and the breach of financial sanctions, fraud (internal and/or external), including financial fraud and accounting fraud, violation of laws and regulations, violation of internal policies, unethical behavior or practices, endangerment to public health or safety and negligence of duty.

5. Roles & responsibilities

Responsibilities of employees

- Raise their concerns as soon as they have a reasonable suspicion;
- Provide a full account and evidence for their concerns; and
- Raise concerns in good faith and maintain confidentiality regarding their concerns.

Responsibilities of HR and Admin department

- Assist in the appointment of a suitable investigating manager;
- Provide advice and support to employees and investigating managers involved in the whistleblowing procedure;
- Investigate any allegations of harassment or victimization experienced by the whistleblower; and
- Review this Whistleblowing Policy & Procedure annually with the Chief Compliance Officer and specifically when there are changes to legislation.

Responsibilities of the investigating manager

- Send a written acknowledgment of the concern to the Whistleblower;
- Ensure the employee is aware and understands this Whistleblowing Policy & Procedure;
- Protect the identity of the employee, where possible;
- Ensure the investigations are undertaken as expeditiously as possible without affecting the quality and depth of the investigation;

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- Report to the Whistleblower in writing of the outcome of the investigation and the action that is proposed (excluding the outcome of any disciplinary process arising); and
- Keep the Whistleblower informed, in writing, as to the progress of the investigation and as to when it is likely to be concluded.

6. Process for dealing with whistleblowing disclosures

Identification and Raising the Concern

Staff member of CMB Europe S.A. identifies the potential events that may lead to non-compliance with the regulation/laws/internal policies and procedures in force, to significant financial losses or that may impair the proper functioning of the Bank.

Blowing the Whistle

Suspicion or knowledge of violations may be reported through one of the following channels:

- By email to the Chief Compliance Officer, the Head of HR and Admin department or to the Chairman of the Board of Director with the following information:

Whistleblower's contact information

- *Name*
- *Phone number*
- *Email address*
- *Department*

Allegation, with a clear description of the issue

- *Is it a serious suspicion or is it sure?*
- *What it occurred*
- *When it occurred*
- *Where it occurred*
- *Potential damage*
- *How the Whistleblower became aware of such situation*
- *Physical evidences (if any)*
- *Persons involved*

Suspect's information and any other persons involved (if applicable):

- *Name*
- *Department*

Witnesses information (if applicable):

- *Name*
- *Phone number*
- *Email address & Department*

Appointment of the investigating manager

Upon reception of the issue's details, the Head of HR and Admin department or the Chairman of the Board of Directors (if the request was received by the Chairman) will:

- Provide advice and support to employees involved in the whistleblowing procedure if the information received is not complete;

- Assist in the appointment of a suitable investigating manager and, if necessary, provide support; and
- Investigate any allegations of harassment or victimization experienced by the Whistleblower.

Investigation process

The Investigating Manager will:

- Send a written acknowledgment of the concern to the Whistleblower;
- Ensure the employee is aware and understands the Whistleblowing Policy & Procedure;
- Take the necessary actions to enquiry and investigate the concern of the Whistleblower; and
- Keeping the Whistleblower informed, in writing, as to the progress of the investigation and as to when it is likely to be concluded.

Reporting and Escalation

The Investigating Manager will:

- Report to the Authorized Management and Board of Directors of the Bank the outcome of the investigation to take corrective actions when applicable;
- Report to the Whistleblower in writing of the outcome of the investigation and the action that is proposed (excluding the outcome of any disciplinary process arising);
- Sign and file the report and complementary information in a dedicated file, which will be kept in a secured safe of the Compliance function of the Bank.

However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action, up to and including dismissal. The following actions may be taken after investigation of the concern:

- Disciplinary action (up to and including dismissal) against the wrongdoer dependant on the results of the investigation; or
- Disciplinary action (up to and including dismissal) against the Whistleblower if the claim is found to be malicious or otherwise in bad faith; or
- No action if the allegation proves unfounded.

Reporting allegations of fraud

Fraud means any theft or other misappropriation of money or property. All actual or suspected incidents of fraud should be reported without delay to the Chief Compliance Officer who must then notify the Authorized Management and/or the Board of Directors of the Bank. The latter shall have responsibility to report the fraud without delay to the Chairman of the Risk and Audit Committee of the Bank.

The Compliance function of the Bank may also notify the local police.

In cases involving suspected fraud, the Authorized Management or the Board of Directors of the Bank will normally lead or have oversight of the initial fact finding investigation to determine the evidence available and decide if any specialist advice is required.

A confidential report will be prepared covering:

- Quantification of losses (or best estimate);
- Strategy for recovery of losses;
- A summary of the resources taken to complete the work;

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- Actions taken to prevent and detect similar incidents; and
- Recommendations on system design to reduce the risk of reoccurrence.

The Authorized Management or the Board of Directors of the Bank will then decide the appropriate course of action and whether further investigation is necessary. The purpose of pursuing further investigative work will be done to prevent further loss to CMB Europe S.A.

The Authorized Management or the Board of Directors of the Bank will distribute any investigation reports to the Audit Committee of China Merchants Bank for its consideration of the nature of the incident, how the fraud was perpetrated, the measures taken to prevent a recurrence, and any actions required to strengthen systems and responses to fraud.

The Authorized Management or the Board of Directors of the Bank will need to submit a follow-up report to ensure that recommendations have been implemented.

7. Misuse of the Whistleblowing Policy & Procedure

If there are concerns, it is assumed that employees express concerns in good faith. If upon investigation some of the concerns cannot be confirmed or may not have substance, no action will be taken against employees raising concerns in good faith.

However, CMB Europe S.A. cannot permit a situation in which an employee purposely makes a report that s/he knows, or has reason to know, is false. Making a false report will result in consequences for the employee (e.g. termination of the contract employment) and s/he may be held liable for damage suffered by anyone who has been affected by these false reports.

8. Confidentiality

Every effort will be made to keep the related employee's identity confidential, at least until any formal investigation is under way. In order not to jeopardise the investigation into the alleged malpractice, the employee will also be expected to keep the fact that the latter has raised a concern, the nature of the concern and the identity of those involved confidential.

9. Safeguarding position of the person(s) subject of the reported case

Informing person(s)

The person(s) subject of the reported case will be informed by the investigating manager about the reported matter as soon as possible after it has been reported to the Authorized Management or the Board of Directors of the Bank unless such would seriously hinder the investigation.

Data protection & privacy

In accordance with Regulation (EU) 2016/679, the General Data Protection Regulation, CMB Europe S.A. will list and register the whistleblowing process as one of the data processing performed. Please refer to the related personal data processing policy & procedure.

CMB Europe S.A. is committed to protect the privacy of the persons involved to the fullest extent possible and in accordance with applicable laws. Any personal data obtained, as part of the whistleblowing procedure, will only be used for the purposes explained in this Whistleblowing Policy & Procedure and will only be provided to those persons who have a need to know these data for these purposes or to comply with the law or an important public interest.

All information shall be treated confidentially as far as reasonably practicable. There may be circumstances where, because of the nature of the investigation or disclosure, it will be necessary to disclose identity of the Whistleblower. In such circumstances, every effort will be made to inform the Whistleblower before such disclosure is made.

If it is necessary for the Whistleblower to be involved in an investigation (for example by providing evidence), the fact that the Whistleblower made the original disclosure will, so far as reasonably practicable, be kept confidential and all reasonable steps will be taken to protect the Whistleblower from any victimization or detriment as a result of having made a disclosure.

10. The Whistleblowing tool of the Commission de Surveillance du Secteur Financier (CSSF)

In addition to the above internal whistleblowing arrangement any person, and in particular employees or former employees of entities of the financial sector in Luxembourg, may in good faith submit a report directly to the CSSF in a confidential and secure manner if that person has reasonable grounds for believing that the report will show breaches of applicable regulation by entities or persons of the financial sector which fall under the supervision of the CSSF. The whistleblowing procedure should however not be used for breaches which are clearly of a criminal nature, such as the unlawful exercise of activities of the financial sector. Persons becoming aware of facts which may constitute a crime or an offence are requested to inform the State prosecutor.

The CSSF whistleblowing tool may be accessible through the CSSF web site at the following address:

<https://whistleblowing.apps.cssf.lu/index.html?language=en>

Related instruction may also be accessible through the above web address.

Before contacting the CSSF, employees of entities of the financial sector are requested to first use the whistleblowing procedures in their workplace.

The whistleblowing procedure may under certain circumstances also be used by customers of financial service providers. However, customers of financial service providers having a commercial dispute with such provider are requested to use the “out-of-court complaint resolution” procedure:

<http://www.cssf.lu/en/consumer/complaints/>