



China Merchants Bank (Europe) S.A.

Complaints Handling Principles
Procedure

(For Internal Use Only)

Reference – CMBEU-LC-5

Ref: CMBEU-LC-05	Complaints Handling Procedure	Version: 1.0
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Owner:	Legal and Compliance
Department(s) impacted:	All
Approved by:	Authorized Management

Function/Role/Department	Reviewed by	Approved by	Last Update DD/MM/YYYY
Compliance	Compliance	Authorised Management	16/08/2021

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.
- The Authorized Management of CMB Europe S.A. is the sign-off authority of this document.

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1. Introduction

1.1 Purpose and scope

The objective of this procedure is to stipulate the requirements, nature and deadlines for complaints notification (such as incidents, customer claims, third party claims, etc.) to Legal and Compliance. It is to be followed by all units/ sections/ departments exposed to any incident.

1.2 Regulatory framework

This Complaints Handling Procedure has been defined taking into account regulatory requirements as well as international guidelines on risk management. In particular:

- Circular CSSF 12/552, as amended; and
- CSSF Regulation 16-07 (in force since 11 November 2016 repealing CSSF Regulation N° 13-02): framework to the processing of customer complaints.

1.3 Governance of this procedure

In case of an update of the related policies / procedures, the process / document should be reviewed and properly updated if necessary.

The owner of this document is responsible for the changes of the processes and for submit for approval to the relevant Committee in case those changes are material.

Any internal control functions, or namely the risk, the compliance and the internal audit, can require this procedure to be applicable upon request.

This document is reviewed on a yearly basis by the owner and included in the regular review performed by the Internal Audit, as well as the Compliance.

Each owner is in charge to keep a chronology of the updates which enables the reader to track the changes operated by the successive updates.

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2. Complaint Handling Policy Statement

Complaints, where possible, are to be resolved closest to the source of the complaint. The policy of China Merchants Bank (Europe) S.A. (“CMB Europe S.A.” or the “Bank”) as regards handling of complaints is to facilitate the resolution of complaints against the Bank without judicial proceedings free of charge for the claimant.

The Bank views complaints as an opportunity to learn and improve for the future, as well as a chance to put things right for the individual/company, who has made the complaint.

This Complaints Handling Procedure aims at:

- making sure that everyone at the Bank knows what to do if a complaint is received;
- making sure that all complaints are investigated fairly;
- making sure that all complaints are addressed professionally, competently and in a timely manner;
- making sure that complaints are, wherever possible, resolved and that relationships are repaired; and
- gathering information which helps us to improve what we do.

Handling complaints well:

- demonstrates CMB Europe S.A. commitment to its clients and other stakeholders;
- demonstrates CMB Europe S.A. commitment to providing the best possible service;
- helps CMB Europe S.A. to find out about things that have gone wrong so CMB Europe S.A. can fix them; and
- helps CMB Europe S.A. to prevent things from going wrong again in the future.

Complaints, where possible, are to be resolved closest to the source of the complaint.

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3. Roles and responsibilities

All departments of CMB Europe S.A. are responsible for the identification and support in the assessment and implementation of control of the risk in their area of operations. The Risk Control function is responsible for the assessment and the reporting phase of the risk management process and assessing the adequacy of contingency measures.

3.1 Departments tasks

Departments are responsible for the:

- Capture of incidents impacting their area as early as possible;
- Conduct of necessary investigations to identify root cause and measure potential impact;
- Identification, implementation and monitoring of effectiveness of the necessary mitigation action aiming at controlling both the cause and the effect of the incident; and
- Notification to Legal and Compliance and Risk Control function according to the guidelines provided for herein.

The unit responsible for initiating the report is the unit ultimately impacted by the incident. In most cases this will be business units, as they have the ability to assess the consequences of the incidents or potential incident.

Where there is no visible impact on business units, the following reporting responsibilities apply:

- IT incidents with no visible impact to other areas are to be reported by IT; and
- Operational related issues with no visible impact to other areas are to be reported by Operations.

In all cases, the report is issued under the signature of the Head of the relevant organisational unit. For those areas where a system of 'manager on duty' is in place, the latter may issue the report. In case of incidents impacting multiple departments, only one report should be issued covering all the impacted departments.

In all cases the report must include an initial root cause analysis, which the author of the report will have to gather from the relevant area/s.

3.2 Risk Management tasks

- Analysis of reports received;
- Assessing the impact of the incidents, and subsequent corrective actions; and
- Monitoring the effectiveness of risk control measures.

3.3 Legal and Compliance Department

- Coordinate the investigations between the parties involved;
- Be the contact point for the claiming client;
- Provide an assessment on the liability of CMB Europe S.A.;
- Support the Risk Control function in the impact assessment;
- Provide the relevant executive management with adequate reporting dependent upon the severity of the incident.

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4. CSSF Regulation 16-07 specificities

According to the CSSF Regulation 16-07, claimants can file their complaints to the CSSF if a satisfactory answer has not been received from CMB Europe S.A. within one month. When the claimant's file is complete, a copy will be sent by the CSSF to CMB Europe S.A., which will be asked to reach a conclusion within one month. Both the claimant and CMB Europe S.A. will be notified of the conclusions reached by the CSSF.

The complaints management policy will be stated in a formal written procedure. This document has to be approved by the Authorized Management and communicated to relevant employees. The process enables the identification and the mitigation of potential conflicts of interest. CMB Europe S.A. ensures that each complaint is recorded, together with each initiative for resolution, and processed as soon as possible. An acknowledgment will be sent to the claimant within 10 business days after the receipt of the claim. CMB Europe S.A. will inform the claimant, on paper or by way of another durable medium, that s/he can file a request with the CSSF and that, in this case, his/her request must be filed with the CSSF within one year after s/he filed his/her complaint with CMB Europe S.A..

CMB Europe S.A. will disclose publicly the procedure on client complains handling, including the information to communicate by the claimant and the timing relating to the various steps of this procedure.

A regular review of customer complaints, and their root causes, shall be established in order to detect any recurring or systemic deficiency. Annually, CMB Europe S.A. will have to provide the CSSF with a summary table compiling the complaints received and a summary report of actions taken with respect to these complaints.

Please refer to the Customer Complaint Handling Procedure.

5. Typology of incidents to be notified and timeline

This section is intended to highlight the reporting threshold and the timeframe in which reports are to be generated.

5.1 Reporting threshold

The following defines when a report is required:

- Any event which has the potential to trigger a material business impact, or which represent a sudden modification of the risk profile of the group;
- Any event resulting in a significant unavailability of staff, IT, or facilities, irrespective of time of occurrence; or
- Any significant event necessitating the use of contingency procedures or related procedures – such as emergency procedures, or cut-over to contingency IT components, whether effective or not.

5.2 Reporting

The timeframe and level of details of the report generated is determined by the nature and impact of the incident. This section is intended to highlight the nature of these reports. In all cases, reports are to be sent to Legal and Compliance Department and Risk Control function as incident notification.

Initial reporting

The initial report is the first level of written report to be submitted to Legal and Compliance Department and Risk Control function. This report is to be delivered within 24 hours of identification of the incident by the Sections/Departments impacted, whether this identification is made directly or through an alert received from a third party unit.

Follow up and closure reports

As soon as an initial incident report is issued, Legal and Compliance Department and Risk Control function must be copied in on any exchange of information between the relevant parties concerning this topic.

Formal follow-up reports are to be issued by the relevant problem owner, as soon as significant information becomes available.

If long-term mitigation measures require more than 30-days to implement, a status update (follow-up report) on incident resolution is to be reported to Legal and Compliance Department and Risk Control function on a monthly basis. Closure reports must be issued to Legal and Compliance Department and Risk Control function as soon as the long-term mitigation measures have been put in production; these should be issued as soon as possible but in any case no later than in the monthly follow-up report covering the month in which the mitigation measures have been implemented.

Legal and Compliance Department and Risk Control function may require additional follow up reports to be issued, if updated *ad hoc* information is needed.

Reporting to Bank's Head Office

Provided CMB Europe S.A. is not precluded from doing so by applicable law, the Bank's Head Office will be informed of any complaints received by CMB Europe S.A. and the handling thereof throughout the complaint handling process, i.e. from the notification to the closure thereof.

Reporting to the CSSF

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According to the CSSF Regulation 16-07, on a yearly basis, CMB Europe S.A. will have to provide the CSSF with a summary table compiling the complaints received and a summary report of actions taken with respect to these complaints. Legal and Compliance department will be in charge of this task.

Please refer to the Customer Complaint Handling Procedure.

5.3 Means of notification

Template

In all the areas, except for customers' complaints (please refer to the Customer Complaint Handling Procedure), the units should use the format shown in the Appendix hereto.

Content

The following relevant information must be covered by the respective initial, follow-up and closure reports.

- Issuer of the report;
- Department/Section and person in charge;
- Date on incident occurrence and reporting;
- Issue description and step by step chain of factual events;
- Impact assessment stating if the incident triggered external visibility or not, and an evaluation of the maximum potential impact of the incident in EUR;
- Root cause and liability assessment describing CMB Europe S.A. potential overall liability as well as a comment on customers, suppliers or third party liability;
- Corrective actions, short term measures taken, including a comment on Business Continuity Measures if triggered; and
- Next steps and long-term measures to be taken, including a comment on the probability of reoccurrence pending the implementation of the identified mitigation actions.

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6. Appendix

Incident Notification Template	
Issue Description	
Date of Incident	
Date of report	
Process / Department impacted	
Impact Assessment	
Client impact	
Corrective action already taken	
Assessment on the liability of CMB Europe S.A.	