

# BEMO Europe Remuneration Policy

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## 1 Context, scope and publication

The present Remuneration Policy (hereinafter referred to as the “**Policy**”) has been developed in order to be implemented within Bemo Europe Banque Privée (hereinafter referred to as “**BEMO**” or the “**Bank**”) and its branch in Paris - France, which at the time of issuance of this Policy have a combined workforce of **39 people as of 31/10/2023**. The Policy takes into account the moderate size and activity of BEMO.

In accordance with CSSF Circular 12/552 as amended, as well as the Law of 5 April 1993, BEMO has adopted a remuneration policy.

The Policy has been established in line with the following regulatory requirements:

- Section 1 of Chapter 4a of the Law of 5 April 1993 on the financial sector, as amended (“**LFS**”);
- Law of 23 July 2015 on the transposition of Directive 2013/36/EU (CRD IV) and amending the LFS;
- European Regulation (EU) No 604/2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards as regards appropriate qualitative and quantitative criteria for identifying categories of staff whose professional activities have a significant impact on the risk profile of an institution;
- Commission Delegated Regulation (EU) No 527/2014;
- Article 450 of European Regulation (EU) 575/2013 on requirements for the disclosure of remuneration information;
- EBA Guidelines on remuneration policies (EBA/GL/2021/04) and (EBA/GL/2016/06);
- Circular CSSF 22/797;
- Circular CSSF 15/622;
- Circular CSSF 14/585;
- Circular CSSF 10/437.

As BEMO does not provide investment services or activities, it shall not be subject to the remuneration policy requirements of Directive 2014/65/EU (also known as “**MiFID II**”) as transposed in the LFS by the Law of 30 May 2018.

## 2 Principle of proportionality

In accordance with Article 38-6 (2) and (3) of the LFS, BEMO has chosen to apply the principle of proportionality.

Indeed, the value of the assets does not exceed the threshold indicated in letter a) of Article 38-6 (2) of the LFS, i.e., EUR 5 billion over the four-year period preceding the current financial year.

The principle of proportionality set out in the LFS allows BEMO to waive certain obligations set out in letters l), m) and o) of Article 38-6 (1) of the LFS, such as:

- Requirements related to the deferral of at least 40% of variable remuneration;
- Requirements related to the payment in financial instruments of at least 50% of variable remuneration;
- Retention periods for variable remunerations paid in financial instruments;
- Retention periods for discretionary pensions in the form of financial instruments.



Finally, it should be noted that, in accordance with the principle of proportionality, BEMO is also not subject to the regulatory requirement to set up a Remuneration Committee.

## 2.1 Perimeter

The objective of this document is to describe and implement its remuneration policy which shall be defined in line with BEMO's strategy, both commercially and in terms of risk management, while being at all times compliant with applicable regulations.

In particular, this Policy aims at encouraging responsible business conduct, fair treatment of Clients as well as avoiding conflicts of interest in the relationships with Clients. It shall set out the principles that make it possible to avoid the risks that could result from remuneration practices where the remuneration of certain staff is excessively dependent of their commercial results and to thus decorrelate the level of remuneration of the control functions from commercial achievements.

The Bank shall thus not remunerate or evaluate the performance of its staff in a manner contrary to its duty to act in the best interests of its Clients. In particular, BEMO shall not enter into any remuneration, sales target or other arrangement inducing its staff to achieve better commercial results by having a Client bear inappropriately increased risk.

In this contest, BEMO's Policy shall notably takes into account the principles set out in the investor protection standards prescribed by the MiFID rulebook.<sup>1</sup>

## 2.2 Publication of information

BEMO's Policy applies to all employees of BEMO, regardless of their function and hierarchical level. It is, in fact, also applicable to the Bank's branch in Paris, France. This Policy shall be made available to all employees of BEMO at all times.

The Bank provides stakeholders with all relevant information concerning its Policy. This information is available upon request at BEMO's head office.

In addition, in accordance with the LFS (Article 38-10) and the requirements of Article 450 of Regulation (EU) No. 575/2013 and CSSF Circular 12/552, BEMO provide the regulators with the required information.

## 3 "Material" risk takers as at 31/10/2023

BEMO's Policy generally applies to any type of employee. However, some employees are considered to be "material" risk takers, and conversely, other employees, given their responsibilities and their tasks and missions, are naturally 'excluded' from the concept of "Material Risk Takers".

In compliance with the requirements of Article 38-5 (2) of the LFS and Commission Delegated Regulation (EU) 2021/923, BEMO shall use qualitative and quantitative criteria set out therein when identifying the employees (hereinafter referred to as "material risk takers") who have an impact on BEMO's risk profile.

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<sup>1</sup> MiFID Directive 2014/65/EU, MiFIR Regulation 600/2014 and others related thereto.

The following table identifies whether there are “Material Risk Takers” in each staff category, the nature of associated risk, as well as the number of people concerned:

Categories:	Eligibility for variable compensation:	Material Risk Takers (Y/N)	Situation as of 31/10/2023:
Members of the Board of Directors (*)	Yes	Yes	6
<u>Members of the Authorized Management:</u> <ul style="list-style-type: none"> <li>• Chief Executive Officer (CEO)</li> <li>• Deputy CEO - Business/Treasury/FI</li> <li>• Deputy CEO - Operations/IT/Finance/Legal/Admin</li> <li>• Director of Human Resources</li> </ul>	Yes	Yes	4
<u>Heads of Control Functions:</u> <ul style="list-style-type: none"> <li>• Chief Compliance Officer (CCO)</li> <li>• Chief Risk Officer (CRO)</li> <li>• Chief Internal Auditor (CIA)</li> </ul>	Yes	Yes	3
<u>Managers/Heads of Departments:</u> <ul style="list-style-type: none"> <li>• Head of Operations</li> <li>• Chief Information Security Officer</li> </ul>	Yes	Yes	2
<u>Paris Branch:</u> <ul style="list-style-type: none"> <li>• Director - Paris</li> </ul>	Yes	Yes	1
<u>Business Functions:</u> <ul style="list-style-type: none"> <li>• Relationship Management and related</li> </ul>	Yes	No	8
<u>Other collaborators - Luxembourg</u>	Yes	No	18
<u>Other collaborators - Paris</u>	Yes	No	4

\* Excluding the Chief Executive Officer.

With the exception of those responsible for commercial activities and other functions (and possibly some of their deputies and assistants, as listed in the table above), no employee of BEMO may take decisions that are binding on BEMO or its Clients.

Indeed, whether it is the acceptance of new Clients, the granting of credits, the issuance of service offers, authorizing significant transfers, the conclusion of relationships with new counterparties, etc, ...

All decisions involving BEMO must be taken by the relevant managers (and/or any deputies and/or assistants), who must, as the case may be, obtain the approval of the control functions, before in all cases submitting to BEMO's authorized management for formal approval.

## 4 Description of remuneration

The basic remuneration part of any BEMO employee is a fixed monthly salary, regardless of the function performed or the hierarchical level. The salary's amount is correlated to an employee's function, responsibilities and skills. The fixed salary basis is in line with the standards applied by other banks in Luxembourg and Paris, France. BEMO applies the principle of gender equality and pay.

The only remuneration part considered variable is the annual Bonus payment that may be granted, as detailed in the Policy. Any variable remuneration (hereinafter referred to as "**Bonus**"), regardless of its amount, is individually awarded and is considered exceptional and therefore not mandatory. Thus, it is understood that BEMO reserves the right to award or not a Bonus to an employee or category of employees.

The Bank shall ensure annually, when granting and paying the Bonus, that the Bonus amount granted is not excessively high compared to the fixed part of the remuneration, in order to maintain the balance required by Article 38-6 (f) of the LFS.

### 4.1 Restrictions and Limitations

The *sine qua non condition* for the granting of Bonuses is that BEMO achieves a profit otherwise approved by the Board of Directors on the proposal of the Executive Management.

"Bonus cap": in accordance with Article 38-6 (g) of the LFS, and regardless of the category of staff, the variable part of the remuneration (including any discretionary Bonus) may not exceed 100% of the fixed annual remuneration.

No employee shall receive, in any form whatsoever, a Bonus equal or in excess of EUR 1,000,000 (one million) per year (as provided for in Article 450 (i) of the Capital Requirement Regulation, CRR).

The total bonuses that may be paid may not exceed 25% of BEMO's annual payroll.

As required by Articles 38-6 (c) and (f) of the LFS, if the financial situation so requires, in particular in the event of losses or in the event that the payment of these Bonuses affects its ratios, BEMO retains the possibility of reducing or even eliminating the payment of "Bonuses".

In addition, if a Bonus has been awarded and it turns out a posteriori that this Bonus was awarded on the basis of fraudulent data (non-verifiable data, such as call reports), the reimbursement of the part of this Bonus acquired on the basis of this data will be required by BEMO and where necessary, legally enforced.

Finally, each employee shall be contractually obliged not to undertake to compensate, by subscribing to hedging instruments (insurance or other), for any reduction of their Bonus due to an alignment with risk, integrated into the calculation of said Bonus.

## 4.2 Restrictions on forms of remuneration

As described above, the only form of variable remuneration potentially paid by BEMO is an annual Bonus paid in cash by bank transfer to the employee's declared salary account as further detailed below.

As indicated in Article 38-6) d) of the LFS, in order to be compatible with a sound risk and financial management of BEMO, any Bonus is not guaranteed and its granting is determined by BEMO's Executive Management in agreement with, where applicable, the Remuneration and Nomination Committee. and the Board of Directors.

For the avoidance of doubt, as no other form of variable remuneration is applied within BEMO, the restrictions defined in Articles 38-6 (e), (h), (i) of the LFS are not developed in the Policy, nor will the conditions for paying variable remuneration in the form of other financial instruments according to Article 94(1)(I)(ii) of CRD IV, Article 38-6(I)(ii) of the LFS.

Generally, in accordance with Article 38-6 (q) of the LFS, a Bonus may not be paid through instruments or methods that facilitate non-compliance with this Policy, applicable regulations and the measures taken for their implementation.

## 4.3 Terms of payment of fixed and variable remuneration:

### 4.3.1 Fixed remuneration

The terms of payment of salaries are the same for all staff members at the head office and in the branch.

The salary is paid monthly by bank transfer to each member of staff to the account designated by the latter. Details of the year-over-year distribution of salary are described for each category of staff in sections A (a) to A (e) below.

There is no possibility of salary deferral at BEMO, the salary is paid monthly, without exception, as described in the Policy.

### 4.3.2 Variable remuneration

This annual Bonus is determined on the basis of the Bank's financial performance, at departmental and individual level, on the basis of qualitative and quantitative criteria, in order to align the interests of employees with those of the Bank. The Board of Directors reserves the right to change the terms of payment of the annual Bonus at any time.

The criteria for the annual Bonus are determined by the CEO and allocated by the management/heads of departments.



The allocation/payment of variable compensation will also take into account all categories of present and future risks:

- 30% of the annual Bonus is paid in July following the semi-annual accounts' closing of the accounts, and after the evaluation of the key performance indicators and personal objectives relevant to any eligible employee;
- 70% of the annual Bonus is paid in December based on the forecasts of the annual accounts' closing and after reviewing the evaluation of the performance criteria and personal objectives relating to any eligible employee.

Performance criteria are defined in each section relating to the different categories of staff.

The Bank does not pay its employees any compensation in the form of rights, options, or shares at this stage. Consequently, the points described in Articles 38-6 (l) and (m) of the LFS do not apply to BEMO.

The Bank does not, at the time of issuance of this Policy, offer Bonuses in the form of discretionary pension benefits, so Article 38-6 (o) of the LFS does not apply to BEMO.

#### 4.4 Identification of the different categories of personnel

For the purposes of the Policy, BEMO has identified several categories of staff:

- [Members of the Board of Directors](#);
- [Members of the Authorized Management](#);
- [Members of Control Functions](#);
- [Relationship Managers and similar](#);
- [Managers/Heads of Departments](#);
- [Other Collaborators](#).

##### 4.4.1 Members of the Board of Directors

A member of the Board of Directors (known as a “**Director**”) may, if necessary, receive remuneration in the form of director’s fees, paid at the end of the financial year. The Director may also receive a lump sum remuneration for each meeting or committee session attended.

The amount awarded to a Director shall reflect his or her contribution, personal investment and qualifications.

The Bank's Board of Directors includes independent and non-independent directors.

The Directors are not subject to profit-sharing or incentives and their remuneration is not linked to performance.

The remuneration of Directors is subject to the General Meeting approval.

##### 4.4.2 Members of the Authorized Management

The Authorized Management, carrying out its duties from BEMO's headquarters in Luxembourg, is currently composed of: its Chief Executive Officer and 3 other Directors.

The remuneration conditions of this point b) apply, at present, exclusively to the CEO. Indeed, the other members of the Authorized Management respectively belong to the category assigned to them according to their other function which they otherwise assume. In this context, the terms and conditions of their remuneration are detailed in the following sections.

The remuneration of the Executive Management consists of a fixed part and a variable part.

The conditions relating to the fixed salary were discussed with the Chairman of the Board of Directors. The variable part is represented by a possible Bonus, granted (or not) on a discretionary basis by the Chairman of the Board of Directors.

This Bonus depends on two types of criteria:

- General qualitative criteria: restructuring of BEMO, transfer of headquarters, quality of recruitment, development of BEMO's business model and its activities, etc, ...
- Quantitative criteria: BEMO's results, relating to BEMO's overall position and budget forecasts.

The Remuneration and Nomination Committee is notably in charge of the following:

- Recruitment, job description and candidates relating to executive members and key functions;
- Appointment of executive members and key functions;
- Remuneration policy (remuneration and Bonuses);
- Performance of the members of the Authorized Management.

The Remuneration and Nomination committee is currently suspended, the aforementioned responsibilities shall be fully assumed by the Board of Directors.

#### 4.4.3 Members of Control Functions

Members of Control Functions shall encompass any staff member employed at Compliance, Risk Management and Internal Audit.

As required by Article 38-5 e) of the LFS, in order to guarantee such staff's independence and enable them to carry out their duties to the best of their ability, the Control Functions are directly reporting to the Executive Management. In this way, the Control Functions have the authority necessary to carry out their duties and have access to any document or information.

As required by Article 38-5 f) of the LFS, the remuneration of Members of Control Functions is directly supervised by the Board of Directors.

The remuneration of Members of Control Functions is governed by the following principles:

- Fixed annual salary;
- Annual Bonus linked to the annual personal performance evaluation made by the Management on the basis of qualitative objectives.

#### 4.4.3.1 Method of payment of the annual fixed salary

- BEMO Luxembourg: The gross annual salary is paid over 13 months. 1/13th of the gross annual salary is paid monthly during the first 11 months of the calendar year, then 2/13th in December.
- BEMO Paris branch: The gross annual salary is paid over 13 months. 1/13th of the gross annual salary is paid monthly during the first 11 months of the calendar year, then 2/13th in December.

#### 4.4.3.2 Annual Bonus:

The Bonus for Members of Control Functions is linked only to the individual performance of each employee, measured according to qualitative criteria (correlated with the achievement of objectives specific to his or her function) using a Personal Evaluation Sheet (described below), as well as daily observation of the proper performance of his or her mission by the Executive Management.

The amount granted is at the discretion of the Executive Management and is linked to BEMO's results. Executive Management reserves the right to reduce or cancel the amount of the annual Bonus in the event of poor results of BEMO.

In order to avoid any conflict of interest and to allow an effective work of the Control Functions, the fixed and variable remuneration components of any Member of the Control functions shall not be linked to any business result objective nor calculated in correlation to quantified objectives.

#### 4.4.3.3 Personal Evaluation Sheet:

At BEMO, there is a common personal evaluation form for all staff members.

This form is attached as an appendix to the Policy. It contains information related to the employee's level for several criteria:

- Knowledge and technical proficiency of the respective function(s) tasks: Knowledge of BEMO (businesses, products and services), rules and procedures, organization, etc, ...
- Productivity and efficiency: The management of working time in relation to the various files and tasks that are part of the function (compliance with regulatory and internal deadlines, etc...), precision and attention to detail, etc, ...
- Attitude at work: Flexibility, ability to acquire new skills, teamwork, acceptance of criticism, involvement in the function and motivation, sense of responsibility, etc, ...
- Communication & Personal Criteria: Writing and oral skills, punctuality, positive and friendly attitude, etc, ...

On the basis of these qualitative criteria, the Authorized Management shall decide on a discretionary basis the amount of annual Bonus granted to Members of the Control Functions.

#### 4.4.4 Relationship Managers and related

For the purpose of this section Relationship Managers and related (“RMR”) shall mean the account managers, in particular Private Bankers and/or Relationship Managers, whose main function is prospecting, development, advice, order transmission and monitoring of Client operations.

The remuneration of RMR is governed by the following principles:

- Fixed annual salary;
- Bonus linked to the annual personal performance evaluation made by the Management on the basis of quantitative and qualitative objectives;
- Possible additional discretionary Bonus.

##### 4.4.4.1 Fixed annual salary

The fixed annual salary shall be the only recurring source of remuneration for any BEMO employee. This rule is meant to enhance the safety and best interests of BEMO’s Clientele, as it greatly moderates the level of risk that a RMR may be tempted to take or have his clients bear in order to maximize his possible Bonus.

Method of payment of the annual fixed salary:

- BEMO Luxembourg: The gross annual salary is paid over 13 months. 1/13th of the gross annual salary is paid monthly during the first 11 months of the calendar year, then 2/13th in December.
- BEMO Paris branch: The gross annual salary is paid over 13 months. 1/13th of the gross annual salary is paid monthly during the first 11 months of the calendar year, then 2/13th in December.

##### 4.4.4.2 Annual Bonus

The Bonus for RMR is linked:

- in part to the individual performance of each employee, measured according to quantitative and qualitative criteria using a personal evaluation sheet (described below), as well as;
- the daily observation of the proper performance of his or her mission by the Authorized Management.

This Bonus is divided into 2 parts for each of the roles:

i) For the Client Coverage Desk (Private Bankers, Relationship Managers, etc...)

- 75% of the total Bonus amount shall be dependent on quantitative criteria.
- 25% of the total Bonus amount shall be dependent on qualitative criteria.

ii) For the Transactional Banking Desk

- 25% of the total Bonus amount shall be dependent on quantitative criteria.
- 75% of the total Bonus amount shall be dependent on qualitative criteria.

**Qualitative part**

The Qualitative part of a Bonus shall depend on criteria defined by the Deputy CEO in charge of the Business, and if necessary, the Executive Management, on the basis of the assessment that emerges from the employee's annual evaluation.

This part of the Bonus is therefore linked to the individual performance of each employee, measured according to qualitative criteria using the Personal Evaluation Form (as described under REF 2), as well as the daily observation of the proper performance of his mission by the Executive Management.

**Discretionary Part**

In the context of extraordinary efforts made for the advancement of BEMO and consequent exceedance of the objectives set, an additional Bonus, not exceeding 15% of the total, except in exceptional cases, may be awarded at the discretion of the Executive Management.

4.4.5 Managers/Heads of Departments

These are all employees in charge of one or more departments, and reporting directly to Members of Authorized Management.

As a matter of principle, except in special cases and as specified below, the remuneration of members of this category of staff shall be strictly governed by the principles described in section (c) "Members of Control Functions".

Thus, in addition to the functions described in the previous sections, BEMO has identified the following material risk takers within BEMO:

- The Head of Operations, based at the head office in Luxembourg;
- The Chief Information Security Officer, based at the headquarters in Luxembourg;
- The Director of the Paris Branch.

With the exception of the above-mentioned list of employees, BEMO has not identified any other person/function falling under this category.

4.4.6 Other collaborators

These are all employees not falling under the previous categories of staff, and reporting to the Managers/Heads of Departments.



As a matter of principle, except in special cases and as specified below, the remuneration of members of this category of staff shall be strictly governed by the principles described in section (d) Managers/Heads of Departments".

#### 4.5 Additional General Compensation Items

In addition to the fixed monthly salary, all employees can benefit from additional remuneration elements in accordance with applicable laws, regulations and (as applicable) BEMOs' Collective Agreement.

##### 4.5.1 Lunch vouchers (fixed remuneration)

All staff benefit from "lunch vouchers". The allocation of these titles is subject to the following rules:

- At the head office in Luxembourg, 18 lunch vouchers of a value determined by Executive Management are granted to each member of staff on a monthly basis, regardless of their function or hierarchical level. 2/3 of the face value of the vouchers is borne by BEMO, the remaining 1/3 is borne by the employee.
- At the Paris branch, on a monthly basis, a number of lunch vouchers (corresponding to the number of days worked in the month) of a value determined by Executive Management are granted to each member of staff on a monthly basis, regardless of their function or hierarchical level. 60% of the face value of the vouchers is borne by BEMO, the remaining 40% is borne by the employee.

##### 4.5.2 Transportation allowances (fixed remuneration)

At the Paris branch, on a monthly basis, a lump sum is granted to each employee, regardless of the function or hierarchical level. This amount shall equal 50% of the value of the " Pass Transport " in the Paris region (Navigo Pass, etc.).

##### 4.5.3 Supplementary health insurance

Employees who have acquired 1 year of seniority benefit from supplementary health insurance.

##### 4.5.4 Death insurance

Employees in Luxembourg who have acquired 2 years of seniority benefit from death insurance.

##### 4.5.5 Leased cars (fixed remuneration)

At the head office in Luxembourg, the CEO may benefit from an advantage linked to his vehicle.

## 5 Governance

BEMO's remuneration rules are enacted and monitored by various governance bodies:

- [The Board of Directors](#);
- [The Remuneration and Nomination Committee](#);
- [The Authorized Management](#);
- [The "Human Resources" department](#);
- [The Compliance and Risk Functions](#);
- [The internal audit function](#).

### 5.1 The Board of Directors

The Board of Directors is responsible for the establishment and implementation and supervision of the Policy, as well as any amendments and updates required by applicable laws and regulations.

It is also responsible for all changes relating to remuneration methods (fixed, Bonus, benefits in kind or miscellaneous).

The Board shall be informed of any decision of the Authorized Management relating to the overall increase in the payroll, whether fixed or in the form of Bonuses.

The Board of Directors is also responsible for determining the remuneration of the members of the Authorized Management.

### 5.2 The Remuneration and Nomination Committee

In December 2016, the Board of Directors decided to create a Compensation and Nomination Committee.

This Committee, composed of directors chosen from among the members of the Board of Directors, is a delegate body of the Board of Directors in charge of remuneration and appointment and whose scope is the Executive Management, the Authorized Management and BEMO's key functions, such as internal Control Functions.

Its mission is to provide the Board of Directors with evaluations and proposals relating to topics such as:

- Recruitment, job description and candidates relating to executive members and key functions;
- Appointment of executive members and key functions;
- Remuneration policy (remuneration and Bonuses);
- Supervision of the remuneration of the heads of internal control functions; and
- Performance of the members of the Authorized Management.

At the time of issuance of this Policy, the Remuneration and Nomination Committee is suspended, in this context the Committee's mission is fully assumed by the Board of Directors.

### 5.3 Authorized management

The Authorized Management is responsible for implementing and ensuring that this Policy and, more generally, the guiding principles laid down by the Board of Directors are properly applied. It gives all useful instructions to the Human Resources department.

The Authorized Management shall thus notably:

- take all necessary measures to maintain the Policy in accordance with the applicable legal and regulatory framework.
- report to the Board of Directors when necessary, and at least once a year, in order to keep it informed of the application of the Policy.
- propose to the Board of Directors any changes relating to the structure and/or method of remuneration, as well as the overall amounts that they wish to allocate to any remuneration increases (fixed or Bonus). It then applies the decisions taken by the Board of Directors on the allocated budgets at the employee level.
- define and monitor the budgets and objectives of employees who can receive any Bonuses annually.

The Control Functions (Compliance and Risk), in collaboration with the Authorized Management, actively participate in the design and implementation, application and compliance of BEMO's Policy.

Any changes to the Policy shall be subject to thorough review by the control functions, prior to approval by Authorized Management and, if applicable, by the Remuneration and Nomination Committee, before being ultimately approved by BEMO's Board of Directors.

### 5.4 The Human Resources department ("HR")

HR applies the rules set out in the Policy and the instructions received from the Executive Management or Authorized Management, in particular with regard to salary, Bonuses, increases and benefits.

HR shall keep in its files all information relating to the contracts between BEMO and its employees, and in particular with regard to remuneration.

It should be noted that some administrative tasks are subcontracted to specialized firms (BDO in Luxembourg / ADP GSI in Paris).

### 5.5 The Internal Audit Function

The Policy is reviewed annually by the internal audit function as part of its multi-year strategic plan. The review includes the compliance of the Policy with applicable legal and regulatory framework, and its correct application on the basis of the procedures put in place by the Board of Directors.