

J.P. Morgan Bank Luxembourg S.A. (“JPMBL”) is a société anonyme incorporated under the laws of Luxembourg with registered office at 6, route de Trèves, L-2633 Senningerberg, Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B10.958, and is a wholly owned subsidiary of J.P. Morgan International Finance Limited. The ultimate parent undertaking is JPMorgan Chase & Co. (“JPMC”).

JPMBL is subject to the Luxembourg law of 5 April 1993 on the financial sector, as amended (LFS). In accordance with Article 38-11 (maintenance of a website on corporate governance and remuneration) LFS, JPMBL must explain how it complies with Articles 38-1 to 38-9 LFS. The required explanations are provided as follows:

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

JPMBL follows the rules provided for by the competent regulatory authorities, including the Luxembourg Commission de Surveillance du Secteur Financier (CSSF), in fulfilling its corporate governance obligations and when performing its business activities. In particular, the Bank adopts the principles and rules set by CSSF circular 12/552 (as amended by 20/759 on 7<sup>th</sup> December 2020).

The JPMBL Board of Directors (the “Board”) and Authorised Management ensures that proper governance and control exists for all activities conducted, booked and supported in JPMBL in accordance with the firmwide and local governance practices and regulatory requirements.

The Board has overall responsibility for managing the institution.

- It is responsible for ensuring that the entity acts within the control framework and overall strategy of the Firm and that JPMBL complies with all applicable laws and regulations
- It is informed of any significant internal control issues and receives information on events or developments that could expose JPMBL to substantial loss
- The responsibilities of the Board with respect to capital and risk management include establishing JPMBL’s risk appetite and reviewing entity-level risk limits as appropriate and subject to Firmwide control
- It relies on the activities of JPMBL’s key function holders; Authorized Managers and the heads of the three internal control functions of Risk, Compliance and Internal Audit to maintain the legal entity control environment.

As per Circular CSSF 12/552 (as amended) the Board may be assisted by specialized committees in the fields of auditing, risk, remuneration, human resources (notably through the involvement of a nomination committee) as well as internal governance, professional ethics and compliance where the nature, scale and complexity of JPMBL and its activities so require for the purpose of increasing its effectiveness. These committees include or shall include directors who are not members either of the authorized management or of the JPMBL’s staff.

The Board has established the following Board committees which perform key roles in the legal entity governance of the Bank: Risk Committee, Audit Committee, Remuneration Committee and

Nomination Committee. By clicking on the following link, refer to JPMBL's [Pillar 3 Disclosures](#) for a full list of Board members.

The Board entrusts the Authorized Management (described below) with the implementation of internal governance strategies and guiding principles for JPMBL and monitors their implementation.

Authorized Managers are in charge of the effective, sound and prudent day-to-day business and risk management of the entity. Responsibility is delegated by the Board to the Authorized Managers to implement the strategies and guiding principles laid down by them in addition to the day to day management of the institution. The internal control functions are the risk control function, the compliance function and the internal audit function. These functions are headed by the Chief Risk Officer, the Chief Compliance Officer and the Chief Internal Auditor respectively.

Internal procedures have been established to prevent any conflicts of interest among both the members of the Board and the Authorized Managers, to enable them to respectively maintain their objectivity and independence during decision making.

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

JPMBL has set up rules and criteria for the selection of the members of its management body in accordance with the legal requirements.

In selecting candidates for the Board, JPMBL looks for individuals with strong personal attributes, diverse backgrounds and demonstrated expertise and success in one or more disciplines relevant to the business and commensurate with its size, complexity and risk profile and who are collectively suitable and equipped to carry out the Board's overall responsibility for JPMBL. The goal is to have a Board of Directors consisting of individuals with a combination of skills, experience and personal qualities that will well serve the Board its committees, JPMBL and JPMBL's shareholder. Candidates for directorship may be recommended by current Board members or management.

At the time of appointment, Board members undertake induction training and, thereafter, continuing education and development programs are made available to Board members to maintain Board member knowledge and expertise and overall Board effectiveness.

The Board also regularly reviews the number and nature of each Board member's mandates to ensure that they are compatible with their mandate as a member of JPMBL's Board and applicable regulatory requirements. By clicking on the following link, refer to JPMBL's [Pillar 3 Disclosures](#) for detail on other internal and/or external directorships held by Board members during the year ended 31 December 2020.

#### **Diversity & Inclusion**

In 2014, J.P. Morgan set an internal target to achieve 30% representation of women on certain key boards in EMEA including JPMBL. Since then, progress has been made across the EMEA region, and JPMBL has met its goal for representation of women on the JPMBL Board. The JPMBL Board Nomination Committee will continue to monitor this annually.

#### **Art. 38-3 Country-by-country reporting**

The Bank, in accordance with its financial reporting process, shall disclose in its annual Accounts for the Head Office and all Branches the required disclosures.

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

JPMBL, in accordance with its financial reporting process, shall disclose in its annual accounts, the return on assets (ROA) key indicator. As at December 2020 the return on assets of JPMBL for the year ended stands to 0.31% (0.60% as at December 31, 2019). The return on assets is calculated as net profit divided by total assets.

#### **Art. 38-5 Remuneration policies & Art. 38-6 Variable elements of remuneration & Art. 38-9 Remuneration committee**

The remuneration information required under Art. 38-5, 38-6 and 38-9 LFS is available in the most recent JPMBL [Pillar 3 Disclosures](#) and [EMEA Remuneration Policy Disclosure](#)

#### **Art. 38-7 CRR (Capital Requirements Regulation) institutions that benefit from government intervention**

Not applicable to JPMBL.

#### **Art. 38-8 Nomination committee**

The Nomination Committee reports to the Board and meets at least once a year. The Nomination Committee is currently comprised of three members, including two independent Non-Executive Directors (one being the Chairperson of the Committee) and one Non-Executive Director. The Head of Human Resources is a permanent attendee of the Nomination Committee.

The Nomination Committee is responsible for leading the process for Board appointments and for identifying and nominating, for the approval of the Board candidates to the Board. The Nomination Committee is also responsible for reviewing and recommending for approval proposed candidates for JPMBL's key function holder roles: Authorized Managers, Heads of Internal Control Functions (i.e. Chief Risk Officer, Chief Compliance Officer and Chief Internal Auditor, Chief Financial Officer, Head of Operations and Information Technology Officer ("ITO")). It is also responsible for other areas such as policy review and planning.

The proceedings of the Nomination Committee are minuted and the minutes submitted to the Nomination Committee for approval. The minutes are also reported to the Board.