



**ASIAN INFRASTRUCTURE
INVESTMENT BANK**

DIRECTIVE ON THE GOVERNANCE OF THE RETIREMENT PLAN AND THE POST-RETIREMENT MEDICAL BENEFIT

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DIRECTIVE ON THE GOVERNANCE OF THE RETIREMENT PLAN AND THE POST-RETIREMENT MEDICAL BENEFIT

1. OVERRIDING OBJECTIVES

- 1.1 This Directive governs the Retirement Plan and Post-Retirement Medical Benefit, together referred to as the “Plan”, of the Asian Infrastructure Investment Bank (“AIIB” or “the Bank”). The Plan has been set up by the Bank with a view to respectively contribute to Participants’ financial security in retirement and to assist their post-retirement medical costs.
- 1.2 In accordance with the Policy on Compensation and Benefits, AIIB has established the Plan to provide protection for its Staff Members in their retirement. All Staff Members are mandatory participants in the Plan and are referred to as “Participants” in this Directive.
- 1.3 Both the Retirement Plan and Post-Retirement Medical Benefit provide benefits on a defined contribution basis, which means that the Bank does not guarantee the amount of the benefits received by the Participants, who carry the investment risk. As a result, for each benefit, Participants are provided with an individual account which is made up of contributions paid by the individual Participant, contributions paid by the Bank, and any resulting investment returns or losses on such contributions. Participants have the right to choose how the contributions are invested. Based on when they leave the service of the Bank, and, with respect to Post-Retirement Medical Benefit, their age at the time they leave the service of AIIB, Participants are entitled to a percentage of the total amount of the value of their individual account.
- 1.4 This Directive sets out how the Plan is administered and governed. The rules governing benefits provided by the Plan, including eligibility to and terms of payments of benefits, are set out in the relevant Internal Legal Framework documents, including the Policy on Compensation and Benefits and the relevant Staff Rules, Instructions and Guidelines as amended or updated from time to time.
- 1.5 The Retirement Plan Board is responsible for overseeing and making decisions in relation to the investment of the assets held in respect of the Plan and the Plan’s administration.

2. DEFINITIONS

- 2.1 “Beneficiary” means any person whom a Participant may nominate by notice in writing to the Bank in such form and in such manner as the Retirement Plan Board determines.
- 2.2 “Business Unit” has the meaning as defined in the Directive on Business Continuity.
- 2.3 “Default Investment Option” means one or more of the investment funds designated by the Retirement Plan Board from time to time to which the contributions paid to the Participant’s Accounts are allocated (and if more than one, in such proportions

designated by the Retirement Plan Board) in the absence of specific investment decisions by the Participant.

- 2.4 “Individual Post-Retirement Medical Account” means the account maintained for each Participant under Section 5 of this Directive in respect of the Post-Retirement Medical Benefit.
- 2.5 “Financial Year End” means December 31 in each year or such other date as the Retirement Plan Board may determine.
- 2.6 “Individual Employer Account” means the account maintained for each Participant under Section 5 in respect of the Retirement Plan.
- 2.7 “Individual Post-Retirement Medical Account” means the account maintained for each Participant under Section 5 in respect of the Post-Retirement Medical Benefit.
- 2.8 “Individual Staff Account” means the account maintained for each Participant under Section 5 of this Directive in respect of the Retirement Plan.
- 2.9 “Internal Legal Framework” has the meaning as defined in the Directive on the Internal Legal Framework.
- 2.10 “Participant” means any Staff Member or former Staff Member who meets the requirements for participation in the Plan as set out in the relevant Internal Legal Framework documents and who continues to have rights to benefits under the Plan.
- 2.11 “Participant’s Accounts” means the Individual Staff Account, the Individual Employer Account and the Individual Post-Retirement Medical Account of a Participant.
- 2.12 “Plan Assets” means and includes the assets held in respect of the Plan from time to time including all contributions, transfer payments (if any) received by the Plan in respect of a Participant and other capital receipts, proceeds and income received on those assets.
- 2.13 “Retirement Plan Board” means the committee responsible for ensuring that the Plan is managed in accordance with the Bank’s relevant policies and procedures.
- 2.14 “Secretariat” means the Secretariat of the Retirement Plan Board as referred to in Section 2.13 of this Directive.
- 2.15 “Statement of Investment Principles” means a document setting out the policies governing how the Plan is managed.
- 2.16 “Third-Party Provider” means any provider appointed by the Bank from time to time under the applicable procurement framework, including but not limited to, as administrator of the Plan or investment manager.

3. PLAN ASSETS

- 3.1 All the contributions made by the Bank and the Participants to the Plan and all other assets, funds and income of the Plan are allocated by the Bank to the Plan Assets and held separately and apart from all of its other property and assets at all times. The Plan Assets may only be used for the purposes of the Plan and the benefits of the Participants.
- 3.2 As a result, no part of the Plan Assets shall be used for or diverted to purposes other than for the deposit, investment, reinvestment and disbursement contemplated under this Directive and for the payment of benefits under the Plan in accordance with this Directive, unless all of the liabilities under the Plan have first been satisfied in full.
- 3.3 Only the Plan Assets are available to provide the Retirement Plan and the Post-Retirement Medical Benefit. Participants and Beneficiaries shall have no recourse to the Bank's other assets or property in order to satisfy any entitlement that they may have under the Plan or any liability that arises from the Plan.
- 3.4 The privileges, immunities and exemptions of the Bank apply to the Plan Assets and the operations and transactions of the Plan. The privileges, immunities and exemptions of the Bank and of its officers and employees are hereby explicitly reserved, for individuals in particular, official duties include, but are not limited to, their duly authorized performance of any functions relating to the Plan. Nothing in this Directive constitutes or may be construed as a waiver of, or limitation upon, any of the privileges, immunities and exemptions of AIB and its officers and employees.

4. RETIREMENT PLAN BOARD

Membership of the Retirement Plan Board

- 4.1 The Retirement Plan Board is composed of:
 - 4.1.1. the Chief Financial Officer, acting as Chair of the Retirement Plan Board, the Director General, Human Resources Department, acting as Vice Chair of the Retirement Plan Board, the Chief Risk Officer, and the Treasurer; and
 - 4.1.2. two members appointed by the Staff Council, at least one will be a Representative, subject to confirmation of appointment by the Chair of the Staff Council.
- 4.2 Membership of the Retirement Plan Board automatically terminates on the earlier of the day on which the Retirement Plan Board member's relevant role ends or the day on which their employment with the Bank ends.
- 4.3 When carrying out the responsibilities of the Retirement Plan Board, its members shall act in accordance with the provisions of this Directive. In addition, all relevant provisions of the Internal Legal Framework in relation to conduct remain applicable to

the members of the Retirement Plan Board, including but not limited to the Code of Conduct for Bank Personnel and all relevant provisions relating to conflicts of interest.

- 4.4 In discharging their functions as members of the Retirement Plan Board, members have the fiduciary responsibility to act reasonably and in the best interest of all Participants in the Plan.

Retirement Plan Board meetings

- 4.5 The Retirement Plan Board shall meet at least quarterly and otherwise as often as deemed necessary for the administration of the Plan, as determined by the Chair. Participation in such meetings is allowed by electronic means.
- 4.6 The required quorum for a Retirement Plan Board meeting is three. The Retirement Plan Board shall not be quorate without the Chair, and at least a member appointed under Section 4.1.1 and a member appointed under Section 4.1.2 being present, together with the legal adviser to the Retirement Plan Board.
- 4.7 The Retirement Plan Board makes decisions by consensus or, failing that, by way of a majority vote of the members present. In the event of a tie, the Chair has a casting vote. Whenever the Chair considers that a decision on a specific question should not be postponed to a meeting, the Chair shall promptly transmit by electronic means to each Retirement Plan Board member the question and any related documents, together with a request for a vote within a specific period.
- 4.8 The Chair may require such Bank personnel as appropriate to attend Retirement Plan Board meetings as observers, on either a standing or ad hoc basis. Observers may speak during the consideration of any item on the agenda within their area of competence. Observers do not have voting rights.
- 4.9 The Retirement Plan Board is provided with legal advice by the General Counsel, or a nominee of the General Counsel, who attends Retirement Plan Board meetings on a standing basis. The legal adviser to the Retirement Plan Board may speak during the consideration of any item on the agenda.
- 4.10 A professional adviser is invited to attend the Retirement Plan Board meetings on a standing basis to support the Retirement Plan Board in its operation and decision-making.
- 4.11 The Secretariat of the Retirement Plan Board provides secretariat services and other tasks as delegated by the Retirement Plan Board, including:
- 4.11.1. setting the agendas for meetings in consultation with the Chair;
 - 4.11.2. scheduling meetings;
 - 4.11.3. arranging the preparation and provision of meeting papers to the Retirement Plan Board members, including liaising with Third-Party Providers to ensure

papers are prepared in an appropriate format and provided in sufficient time to allow the Retirement Plan Board members to consider them in advance of the meeting;

- 4.11.4. preparing and circulating the minutes of meetings, which contain a record of any decisions taken at the meeting, including on delegation of responsibilities, to the members of the Retirement Plan Board for approval, and to the Executive Committee for their information, within ten working days after the meeting; and,
- 4.11.5. progressing agreed follow-on actions, including liaising with the Third-Party Providers as required.

Powers and responsibilities of the Retirement Plan Board

- 4.12 The Retirement Plan Board is responsible for and authorized to make all decisions in relation to the overall administration and management of the Plan. With the exception of Sections 4.13.4-7, 4.14.2-4, 6, 7, 8, 13 and 14, the Retirement Plan Board may delegate any of its responsibilities to a Third-Party Provider, a Staff Member or Business Unit of the Bank as it determines from time to time.
- 4.13 In relation to the Plan Assets, the Retirement Plan Board:
 - 4.13.1. invests and reinvests the Plan Assets separately and apart from all of other property and assets of the Bank;
 - 4.13.2. invests and reinvests the principal and income of the Plan Assets and keeps the Plan Assets invested without distinction between principal and income;
 - 4.13.3. may appoint a custodian of some or all of the Plan Assets on such terms as it decides, at least including that the Plan Assets are to be legally separated from those of the custodian;
 - 4.13.4. approves a Statement of Investment Principles at the beginning of the financial year under which it makes reasonable efforts to ensure that any investments of the Plan Assets encourage and promote, to the extent applicable, socially and environmentally sustainable objectives and activities;
 - 4.13.5. may appoint an investment advisor on such terms as it decides;
 - 4.13.6. approves an investment beliefs document;
 - 4.13.7. selects the Default Investment Option that it considers suitable for the majority of the Participants;
 - 4.13.8. determines, and reviews at its discretion in consultation with relevant Third-Party Providers, the number and range of other funds appropriate for the Participants to make their investment choices, and ensures that they are notified of their right to select from the investment fund options which are

currently available and of such conditions on the selection of investment fund options as the Retirement Plan Board considers reasonable; and

4.13.9. for the purpose of determining the number and range of such other funds, approves all relevant evaluation criteria it deems appropriate.

4.14 In relation to the Plan administration and governance, the Retirement Plan Board:

4.14.1. ensures the administration and payment of all Retirement Benefits and Post-Retirement Medical Benefits to the Participants and, where relevant, their Beneficiaries;

4.14.2. approves the strategic direction of the Plan by maintaining a forward-looking business plan;

4.14.3. sets objectives and manages the performance against those objectives, including administration, investment, and communications;

4.14.4. approves a risk register identifying risks in the operation of the Plan and defining strategies for their management and reduction;

4.14.5. reviews on an annual basis its own effectiveness, including the availability of relevant knowledge, skills, and experience as well as collaboration between Retirement Plan Board members;

4.14.6. provides a progress report to the Executive Committee on an annual basis and informs the Budget and Human Resources Committee as part of the Q4 HR Update;

4.14.7. ensures internal processes are established for contributions to be paid accurately and timely to the Plan;

4.14.8. monitors the performance of Third-Party Providers;

4.14.9. procures that Third-Party Providers keep proper records of all matters relating to the Plan to show the financial position of the Plan and such further records as are necessary to determine benefits which may be payable to any Participant or Beneficiary;

4.14.10. approves a strategic review of Third-Party Providers, including their performance, fees and services, at least once every three years;

4.14.11. ensures the development of communication materials to support Participants understanding of the Plan and their benefit entitlements, and ensures those communications are made readily accessible;

4.14.12.ensures a statement is sent to each Participant, as soon as practicable after each Financial Year End, showing at both the start and the end of the financial year just ended, details of the Participant's Accounts;

4.14.13.handles disputes pursuant to Section 18 of this Directive; and

4.14.14.decides on other matters brought to its attention by the Secretariat.

5. PARTICIPANT'S ACCOUNTS

5.1 Participant's Accounts are maintained in the name of each Participant and credited with the following:

5.1.1. in respect of the Individual Employer Account, contributions paid by the Bank in respect of the Participant for the Retirement Plan and the income and gains and losses arising on the investments notionally allocated to the Individual Employer Account in respect of those contributions as calculated from time to time;

5.1.2. in respect of the Individual Staff Account, contributions paid by the Participant in respect of Retirement Plan and the income and gains and losses arising on the investments notionally allocated to the Individual Staff Account in respect of those contributions as calculated from time to time;

5.1.3. in respect of the Individual Post-Retirement Medical Account, contributions paid by the Bank in respect of the Participant for Post-Retirement Medical Benefit and the income and gains and losses arising on the investments notionally allocated to the Individual Post-Retirement Medical Account in respect of those contributions as calculated from time to time.

5.2 Any losses arising on the investments notionally allocated to each of the Participant's Accounts are borne by the respective accounts.

5.3 The Plan Assets are only notionally allocated to the Participant's Accounts for the purpose of calculating the value of that account. There shall be no segregation or actual allocation of the Plan Assets to the Participant's Accounts. This notional allocation does not confer on any Participant or Beneficiary an entitlement to specific Plan Assets.

6. INVESTMENT OF PARTICIPANT'S ACCOUNTS

6.1. Participants affected by any changes in the available funds decided by the Retirement Plan Board are notified in a timely manner and given the opportunity to review their investment allocation in light of the change. If Participants are informed that they are required to take action as a result of such change and they do not do so within the specified timeframe, the Retirement Plan Board may arrange the transfer of the relevant assets representing the relevant part of the Participant's Accounts to

alternative investment options without the consent of the Participant. In cases where any such change is autonomously decided by a Third-Party Provider pursuant to contractual arrangements, the Third-Party Provider notifies Participants accordingly.

- 6.2. Participants may change their selection between the available investment fund options with no limitation on the number of such changes and at no cost charged to their contributions. Any request to change investment funds must be made in such manner as the Retirement Plan Board or Third-Party Provider notify to Participants from time to time.
- 6.3. In the event that Participants do not select an investment fund option for all or part of their Participant's Accounts, the part not selected is allocated to the Default Investment Option.
- 6.4. The Bank and the Retirement Plan Board do not provide advice to Participants about any of the available investment fund options. However, pursuant to Section 4.13.5 above, the Retirement Plan Board may decide to appoint a Third-Party Provider to provide such advice to Participants. The Bank may also decide to appoint such a service provider.
- 6.5. The Bank and the Retirement Plan Board are not responsible for any loss suffered or gain forgone attributable to:
 - 6.5.1. any selection of investment fund options made by Participants;
 - 6.5.2. any failure by Participants to make a selection;
 - 6.5.3. any decrease in value of any investments held in respect of the Participant's Accounts;
 - 6.5.4. reliance on information given to Participants that was obtained directly or indirectly from the manager or provider of any investment fund option; or
 - 6.5.5. any action referred to in Section 6.1.

7. LIMITATION OF LIABILITY

- 7.1. The Bank and the Retirement Plan Board shall not be liable for the payment of any benefit pursuant to the Directive unless and except to the extent to which the Plan Asset are for the time being sufficient and available for that purpose and the Plan Assets shall be the only source to which Participants and Beneficiaries who have rights under the Plan look for the payment of any monies due to them pursuant to such rights.
- 7.2. The Bank, the Retirement Plan Board and any relevant individual shall not be liable for any loss to or diminution of the Plan Assets arising out of the making, retention or sale or any investment or reinvestment or for any other thing done or omitted to be done by the Bank, the Retirement Plan Board or any relevant Third-Party Providers except as required by the Internal Legal Framework or on account of the fraud, misfeasance,

gross negligence or willful misconduct of the Bank or the Retirement Plan Board (or any of its members) or Third-Party Providers.

8. AMENDMENTS

- 8.1. Any amendments to this Directive are made in accordance with the relevant provisions of the Directive on the Internal Legal Framework.
- 8.2. After a calendar year following the adoption of this Directive, the Retirement Plan Board shall review its effectiveness and consider whether any amendments are appropriate.

9. PROVISION OF INFORMATION

- 9.1. Participants and Beneficiaries shall provide such information and/or personal data as is required or reasonably desirable for the administration of the Plan and/or the payment of benefits from the Plan. If a Participant or Beneficiary fails to provide the required information and/or personal data, the payment of their benefits from the Plan may be withheld or delayed.

10. PAYMENT IN AND OUT OF THE PLAN ASSETS

- 10.1. Any monies payable to any Participant or the legal representative of any Participant or to any Beneficiary under the provisions of this Directive may be paid by telegraphic transfer or any other method determined by the Third-Party Provider.
- 10.2. Participants and Beneficiaries are responsible for paying any tax or duty due on payments and benefits received from the Plan. The Bank and the Retirement Plan Board are not liable for any tax due on any payments under the Plan.
- 10.3. If a Participant is entitled to benefits under another retirement scheme, the Retirement Plan Board may agree at its sole discretion, at the request of the Participant, accept payment into the Retirement Plan from such other scheme of any cash sum or other assets to provide that Participant with such additional benefits on such terms under the Retirement Plan, as the Retirement Plan Board may decide. Such additional contribution to the Plan does not give rise to any mandatory or matching contributions from the Bank.
- 10.4. If a Participant becomes a member of another retirement scheme after leaving the service of AIB, the Retirement Plan Board may agree at its sole discretion, at the request of the Participant, to transfer to such scheme in cash or other assets an amount equivalent to the value of the benefits to which the Participant would have been entitled under the Plan, provided that the aforementioned scheme accepts such transfer. If a transfer is made, the Retirement Plan Board is deemed to have discharged its obligation to provide the corresponding benefits to that Participant under the Plan.

11. FORMER STAFF MEMBER BENEFITS

- 11.1. Subject to the approval of the Retirement Plan Board, a former Staff Member may remain as Plan Participant upon leaving service, except on grounds of death and dismissal. To avail of such option, the Staff Member shall provide written request to the Retirement Plan Board within two weeks from the last day of employment. If approved by the Retirement Plan Board, the vested amounts in the Staff Member's Participant's Accounts are to be credited to a Former Employee Contribution Account, in the same selection and allocation of available investment fund options as the Staff Member's Participant's Accounts.
- 11.2. All relevant fees and charges are borne by the former Staff Member by way of direct deductions applied to the Former Employee Contribution Account.
- 11.3. Former Staff Members are entitled to change their selection and allocation between the available investment fund options in such manner as the Retirement Plan Board or Third-Party Provider notify to them from time to time.
- 11.4. Once per calendar year, former Staff Members are entitled to withdraw, partially or in full, their Former Employee Contribution Account by notifying the administrator. When terminating their participation, Former Staff Members are entitled to the balance of the credit of their Former Employee Contribution Account.

12. CURRENCY AND PAYMENT

- 12.1. All records and accounts of the Plan and all benefits payable are maintained and paid in United States Dollars.
- 12.2. Unless the Retirement Plan Board decides otherwise, if there is any delay in payment to a Participant or a Beneficiary, there shall be no adjustments to the benefit amount due and payable to the Participant or the Beneficiary, as applicable.
- 12.3. If any benefit is payable to:
 - 12.3.1. a Beneficiary who is under the age of 18; or
 - 12.3.2. a Participant or Beneficiary who is certified by a registered medical practitioner to be incapable of managing their own affairs by reason of mental or physical disability; or
 - 12.3.3. a Participant or Beneficiary who is in prison or detained in legal custody,the Retirement Plan Board shall have the power to pay such benefit or part of the benefit to the Participant or Beneficiary's guardians or legal personal representatives. The receipt of such payment constitutes a complete discharge of the Retirement Plan Board's responsibility to pay benefits in respect of that Participant or Beneficiary.

13. UNCLAIMED BENEFITS

13.1. Participants and Beneficiaries are entitled to claim a benefit for up to six years after such benefit has fallen due if the reason for the non-payment of that benefit within this period was:

13.1.1. a failure to claim the benefit; or

13.1.2. a lack of knowledge by the Retirement Plan Board of the whereabouts of that Participant or Beneficiary

but the Retirement Plan Board may in its discretion pay any part thereof if it thinks fit.

13.2. Any such benefit as is mentioned in Section 13.1 or any sum of money on the death of a Participant which is not claimed within six years after the date when such benefit became due or after the death may be forfeited to the credit of the Bank and:

13.2.1. the Retirement Plan Board ceases to have an obligation to hold those assets separately from the other assets of the Bank; and

13.2.2. the Participant or Beneficiary or their legal personal representatives thereupon ceases to have any further claim to or interest in such benefit.

14. DEDUCTION FROM BENEFITS

14.1. If a Participant has:

14.1.1. defrauded the Bank or committed serious misconduct which has caused the Bank loss; and/or

14.1.2. a monetary obligation to the Bank or the Plan,

then the Retirement Plan Board may apply any amounts in the Participant's Accounts to offset the amount of such losses or debts.

15. NON-ALIENATION OF BENEFITS

15.1. No benefit under the Plan will be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, seizure or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber, seize or charge the same will be void, nor will any benefit be subject to, or used to satisfy, the debts, contracts, liabilities or other obligations of the person entitled to such benefit, except as may be specifically provided in this Directive. If the Retirement Plan Board becomes aware that any Participant or Beneficiary entitled to benefit under the Plan has become bankrupt or that any benefit under the Plan has been anticipated, alienated, sold, transferred, assigned, pledged, encumbered, seized or charged or that any attempt has been made to do so, then the Retirement Plan Board may declare such benefit to be temporarily

or permanently suspended or forfeited. In these circumstances, the Retirement Plan Board decides what happens to the benefit.

16. DETERMINATION OF THE RETIREMENT PLAN BOARD

- 16.1. The determination of the Retirement Plan Board as to the identity of the proper payee of any payment from the Plan Assets and the amount properly payable shall be conclusive, and payment in accordance with such determination shall constitute a complete discharge of all obligations on account thereof and a determination with legal effect.

17. AUDITS

- 17.1. The Retirement Plan Board is an entity auditable by the Bank's Internal Audit Office.
- 17.2. When under the obligation to provide service organization control reports, Third-Party Providers shall provide a copy of such reports to the Retirement Plan Board on an annual basis.

18. DISPUTES

- 18.1. If a Participant or Beneficiary challenges a determination with legal effect made by the Retirement Plan Board or a Third-Party Provider under a delegation of the Retirement Plan Board, in accordance with Staff Rule 8.01/2, the dispute is referred to the Director General, Human Resources Department who consults the Retirement Plan Board before making an administrative decision.

19. EFFECTIVE DATE

- 19.1 With effect from June 10, 2025, any contributions paid by the Bank or a Participant to the Plan, and the investment of those contributions, will be governed by this Directive.
- 19.2 The Bank may accept a transfer of assets in respect of the Participants from any retirement plans that it has previously established for its Staff Members. Once the assets have been transferred to the Bank the investment of those assets will be governed by this Directive.