
Regulation of the Remuneration and Evaluation Committee

June 29, 2021



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Regulation of the Remuneration and Evaluation Committee

General Assembly

Version Index

date	version	description
May 2017	1.0	Initial version.
Jun.2021	2.0	Adaptation to the bank's current documentary structure. Updating crav's powers in terms of remuneration, leaving this body to have advisory functions, with the consequent change in crav rights. Updating crav's selection powers, leaving CRAV to perform advisory functions in the selection of TFE.

owner

General Assembly

Contributors

Compliance Department

approval

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June 30, 2021

Scope of Distribution

Public

I. Legislative Sources and Reference Documents

1.01– Social Pact of Banco L. J. Carregosa, S.A..

1.02 - Internal Policy for the Selection and Evaluation of the Admission of The Members of the Administrative and Supervisory Bodies and the Holders of Essential Functions.

1.15 - Remuneration Policy of the Members of the Administrative and Supervisory Bodies.

Articles 115c to 115g of the General Regime of Credit Institutions and Financial Corporations (RGICSF), as set out in Banco de Portugal Notice No. 10/2011 of 29/12, and in paragraphs 24 to 26 of the annex to Decree-Law 104/2007 of 03/04, with the wording given to it by Decree-Law 88/2011 of 20/07.

Code of Commercial Companies, approved by Decree-Law No. 262/86 of September 2.

Guidelines from the European Banking Authority (EBA) GL44 of 27 September 2011 on the internal governance of institutions and EBA/GL/2012/06 of 22 November 2012 on the assessment of the suitability of members of the Management and Supervisory Body and of those performing essential functions.

Guidelines on sound remuneration policies in accordance with Articles 74(3) and 75(2) of Directive 2013/36/EU and the disclosure of information in accordance with Article 450 of Regulation (EU) No 575/2013 (EBA/GL/2015/22).

Guidance on remuneration policies and practices related to the sale and supply of retail banking products and services" (EBA/GL/2016/06);

Guidelines on Internal Government (EBA/GL/2017/11), published through the Circular Letter of Banco de Portugal No CC/2018/00000016.

General Regime of Credit Institutions and Financial Corporations, approved by Decree-Law No. 298/92 of December 31 and amended and republished by Decree-Law No. 157/2014 of October 24 (RGICSF);

Regulation (EU) No.575/2013, in particular Article 450 thereof.

Commission Delegated Regulation, henceforth RD, (EU) No 604/2014.

Report on Conduct Risks associated with mis-selling of aforefore and investment products" issued by the National Council of Financial Supervisors.

II. Definitions, Abbreviations and Acronyms

Bank: Banco L. J. Carregosa, S.A..

CRAV: Remuneration and Evaluation Committee.

Executive Member: any member of the Bank's Executive Committee.

MOAF: Members of the Administrative and Supervisory Bodies.

Board of Directors: the Bank's Board of Directors.

Supervisory Body: the Bank's Supervisory Board.

ROC: Statutory Auditor or Audit Firm.

Holders of essential functions (TFE): holders of a set of positions comprising at least those responsible for the bank's compliance, internal audit, control and risk management functions, as well as other functions that, at any time, as such will be considered by the Bank or defined by regulations by Banco de Portugal.

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1. Regulation of the Remuneration and Evaluation Committee

Article 1 Composition

1. CRAV is composed of three members, elected by the General Meeting of Shareholders, and at least two of them must be independent.
2. For the purposes of the preceding paragraph, the CRAV member who is not associated with any specific interest group in the Bank or is under any circumstances likely to affect his exemption from analysis or decision-making shall be considered independent, in particular by virtue of:
 - i. Be a holding or acting on behalf of or on behalf of holders of a holding equal to or greater than 2% of the company's share capital;
 - ii. To have been re-elected for more than two terms, continuously or interspersed.
3. CRAV is composed of members of the Management Body who do not perform executive functions, members of the Supervisory Body or persons who do not belong to these bodies, chosen on the basis of their specialized knowledge.
4. CRAV members shall have adequate training for the performance of duties and at least one of them shall have specific professional qualifications for the performance of duties, in particular knowledge or professional experience in the area of risk management or for the purpose of carrying out control functions, specifically with regard to the preparation or implementation of mechanisms for aligning credit institution remuneration structures with their profile of credit institutions with their profile of sco.
5. Members have three-year terms and choose the President of the Commission between the two independent members, who has a quality vote.

Article 2 Remuneration skills

It is crav's responsibility, without prejudice to what is established at the shareholders' general meeting, to determine the remuneration of the members of the Administrative and Supervisory Bodies, as well as the other Committees that are established by the General Meeting, there, including all the details, including payments or criteria for determining the amounts that may be attributed to the members of the Board in the event of termination of their contracts.

Article 3

Assessment and Selection Skills

1. It is CRAV's responsibility to:
 - i. The provision of support and advice to the General Meeting or, when co-optation is found, to the Board of Directors in the process of selecting MOAF;
 - ii. The conduct of the evaluation process of the MOAF and its collectively considered bodies and the communication, in particular to the General Assembly and the Authorities, of their results;
 - iii. Within the scope of the competence described in point (i.), the CRAV shall draw up and maintain up-to-date the description of the set of qualifications and professional experience required for the performance of the duties assigned to the MOAF, as well as to assess the time to be devoted to the performance of those functions.

Article 4

Rights

In the exercise of the powers described in the previous articles, crav's rights are:

- i. Have adequate financial resources and unrestricted access to all information and data of independent control functions, including risk management, relevant to the functions of crav;
- ii. Collect input from internal control areas and other key areas, including human resources and strategic planning for the performance of CRAV's functions;
- iii. Use external consulting services, in an appropriate manner and proportional to the size and complexity of the Bank, or internal, in relation to matters within the competence of crav;
- iv. Cooperate with other supervisory bodies where their functions are sensitive to remuneration policies.

Article 5

Operation

1. CRAV formally meets at least once a year, and still whenever it is convened by its President, or by the other two members.
1. The meetings are convened in writing at least 5 working days in advance, and the agenda must be included in the call. Exceptionally, where special reasons of urgency impose it, and the same

reasons are duly specified in the draft text, it can be done only 24 hours in advance, by telephone contact or by email.

2. Where a CRAV member is not physically present at a committee meeting and intending to intervene by telematic means, the following procedure shall be commenced:
 - i. The Member concerned shall inform the other members in a timely manner in such a way that the necessary requirements and conditions for this purpose are ensured;
 - ii. Intervention by telematic means may only take place provided that there is unanimous approval by the members present at the meeting at the beginning of the session;
 - iii. The minutes drawn up shall be included in the minutes drawn up, unanimous approval of the intervention by telematic means and the conditions used to ensure the security of communications and the authenticity of the declarations, in particular explanations of vote.
3. CRAV meetings take place, by default, at the Bank's head office, and another place may be previously elected, which is included in the respective call, provided that it harvests the unanimity of the members who participate in it physically.
4. CRAV meetings shall be chaired and addressed by its President or, in the absence of this, the other two members shall choose who performs their duties at that meeting.
5. The Chairman of the CRAV or, in the absence of this, whoever replaces it in accordance with the preceding paragraph, may authorise participation in meetings of the Bank's board of staff or other elements, where this is appropriate for the good execution of the work.
6. It is also up to the President of the CRAV to coordinate the activity of the same body, ensured the execution of its deliberations, and it is also the responsibility of representing the committee before any third parties, including supervisors.

Article 6 Deliberations

1. CRAV shall be considered validly constituted and in a position to deliberate, provided that at least two of its members are present.
2. The CRAV's deliberations are taken by a majority of the votes of the members present, with the President, or whoever replaces him, voting for quality.
3. In exceptional circumstances or for reasons of recognized urgency, the President of The CRAV may promote that written decisions be taken by all CRAV members, provided that all of them give their agreement to this form of deliberation in advance.

4. In accordance with the preceding paragraph, the movement of documents may be ensured by mail, fax or e-mail, and the reply of each Member shall be given by one of these routes within a reasonable period fixed by the President in each case, in accordance with the urgency and complexity of the subject to be assessed.

Article 7 Minutes

1. Minutes of all CRAV meetings are drawn up, containing the description of the proposals submitted, the deliberations adopted, as well as the explanations of vote made by any of the members during the meetings.

Article 8 Conduct and conflicts of interest

2. The Bank's Code of Conduct applies to CRAV members, with appropriate adaptations.
3. Without prejudice to the potentially relevant legal and regulatory provisions at this head-to-head, CRAV members shall take into account any direct or indirect interest which the very members, some of their family members or entities to which they are linked, may have in any matter which, at any time, is subject to deliberation.
4. In the circumstances referred to in the preceding paragraph, CRAV members shall describe the nature and extent of such interest and, if it is considered relevant by the CRAV, the member concerned shall refrain from participating in the discussion and/or voting of any proposal relating to the same matter.
5. In accordance with the preceding paragraph, where the decision on a reassessment concerning a member who is part of the CRAV is at issue, the member concerned may not vote in that decision.

Article 9 Supervening approval and amendments

1. The adoption of this Regulation shall be the responsibility of the General Assembly.
2. Any amendments supervening to this document shall be proposed by the CRAV to the General Assembly.