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BANCO
CARREGOSA

Regulations of the
Remuneration and
Assessment
Committee

May-2023

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Regulations of the Remuneration and Assessment Committee

General Meeting

I. Versions Index

Date	Version	Description
May.2017	1.0	Initial version.
Jun.2021	2.0	Adaptation to the Bank's new documentation structure. Update the CRAV's powers with regard to remuneration, this body no longer having an advisory role, with the consequent modification of the CRAV's rights. Update the CRAV's powers in the area of selection, with the CRAV no longer having an advisory role in the selection of KFH.
Jun.2022	2.1	Update the legal sources and reference documents. Remove the reference to the qualifications required for the Remuneration Committee, as the CRAV no longer performs these functions. Formal adaptations.
May.2023	2.2	Update the composition of the CRAV. Update the legislative sources and reference documents. Formal adaptations.

II. Properties

Proprietorship

General Meeting

Proponent

Remuneration and Assessment Committee

Contributors

Compliance Department

Approval

General Meeting, on 30 May 2023

Banco Carregosa Code

Strategy and Organisation | 1.21

Entry into Effect

30 May 2023

Scope of Disclosure

Public

III. Legislative Sources and Reference Documents

1.01 – Articles of Association of Banco L. J. Carregosa, S.A..

1.02 – Internal Policy for the Selection and Assessment of the Suitability of Members of the Management and Supervisory Bodies.

1.15 – Remuneration Policy for Members of Management and Supervisory Bodies.

Banco de Portugal Notice 3/2020, of 15 July, which regulates the governance and internal control systems and defines the minimum standards on which the organisational culture of the entities supervised by the Banco de Portugal must be based.

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

EBA guidelines on internal governance (EBA/GL/2021/05), published by Banco de Portugal Circular Letter CC/2021/00000057.

EBA guidelines on sound remuneration policies (EBA/GL/2021/04), published by Banco de Portugal Circular Letter CC/2021/00000056.

EBA guidelines on remuneration policies and practices related to the sale and provision of retail banking products and services (EBA/GL/2016/06).

Joint ESMA and EBA guidelines on the assessment of the suitability of members of the management body and of key function holders (EBA/GL/2021/06 or ESMA35-36-2319), published by Banco de Portugal in Circular Letter CC/2021/00000058.

Legal Framework of Credit institutions and Financial Companies, approved by Decree-Law No 298/92, of 31 December.

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions.

Commission Delegated Regulation (EU) No 2021/923, of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council as regards regulatory technical standards laying down criteria for defining management responsibilities, control functions, significant business units and significant impact on the risk profile of a business unit, and laying down criteria for identifying those members or categories of staff whose professional activities have an impact on the risk profile of the institution comparable to that of the members or categories of staff referred to in Article 92(3) of that Directive.

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

IV. Definitions, Abbreviations, and Acronyms

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

CRAV: Remuneration and Assessment Committee.

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

MOAF: Members of the Management and Supervisory Bodies.

Management Body: the Bank's Board of Directors.

Supervisory Body: the Bank's Supervisory Committee.

ROC: Statutory Auditor or Statutory Audit Firm.

Key Function Holders (KFH): holders of a number of positions, including at least those responsible for the Bank's compliance, internal audit, and risk control and management functions, as well as other duties that at any given time may be considered as such by the Bank or defined by regulation by Banco de Portugal.

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A. Regulations of the Remuneration and Assessment Committee

Article 1. Composition

1. The CRAV is composed of three members elected by the General Meeting of Shareholders who, individually and collectively, must have sufficient knowledge, skills and experience with regard to the selection procedures and suitability assessment requirements.
2. The CRAV is composed of non-executive members of the Board of Directors, members of the Supervisory Body or persons who do not belong to these bodies, selected on the basis of their expertise.
3. Members shall serve a three-year term of office and shall elect the Chair of the Committee from among the two independent members, who shall have a casting vote.

Article 2. Competence in matters of Remuneration

Without prejudice to what may be determined by the General Meeting of Shareholders, the CRAV shall be responsible for determining the remuneration of the members of the Management and Supervisory Bodies, as well as that of the members of the other Committees set up by the General Meeting, including all the details, in particular payments or criteria for determining the amounts that may be attributed to the members of the body in the event of contract termination.

Article 3. Competence in matters of Assessment and Selection

4. The CRAV shall be responsible for:
 - i. for assisting and advising the General Meeting or, when co-opted, the Board in the selection of the MOAFs;
 - ii. Conducting the evaluation process of the MOAFs and the relevant bodies collectively, preparing reports on the results to be submitted to the General Meeting and the authorities;
 - iii. As part of the responsibility described above in sub-paragraph i., the CRAV shall draw up and keep up to date a description of the qualifications and professional experience required for the exercise of the functions of the MOAF, and shall assess the time required to perform these duties.

Article 4. Rights

In exercising the powers described in the preceding articles, the following are the rights of the CRAV:

- iv. have adequate financial resources and unrestricted access to all information and data from independent control functions, including risk management, relevant to the functions of the CRAV;
- v. obtain input from internal control areas and other key areas, particularly human resources and strategic planning, for the performance of CRAV functions;
- vi. use external or internal advisory services on matters within the competence of the CRAV in an appropriate manner and proportionate to the size and complexity of the Bank;
- vii. collaborate with other control bodies where their functions are sensitive to remuneration policies.

Article 5. Operation

5. The CRAV shall meet formally at least once a year and also whenever convened by its Chair, or by the other two members.
6. Meetings shall be convened by written notice given at least 5 working days in advance and the agenda shall be included in the notice. Exceptionally, for reasons of urgency duly stated in the notice, a meeting may be convened by telephone or e-mail with only 24 hours' notice.
7. If a member of the CVRA cannot be physically present at a Committee meeting and wishes to participate by electronic means, the following procedure shall be followed:
 - i. the member concerned shall inform the other members in good time to ensure that the necessary requirements and conditions are met;
 - ii. participation by electronic means may be permitted only if unanimously approved by the members present at the meeting;
 - iii. the unanimous approval of participation by electronic means and the measures taken to ensure the security of communications and the authenticity of statements, in particular voting statements, shall be recorded in the minutes.
8. Meetings of the CRAV shall normally be held at the registered office of the Bank. They may also be held at any other place chosen in advance, as indicated in the notice convening the meeting, provided that all the members attending in person unanimously agree.
9. The meetings of the CRAV shall be chaired and presided over by its Chair or, in their absence, the other two members shall choose who will exercise these functions at that meeting.
10. The Chair of the CRAV or, in their absence, the person deputising for them in accordance with the preceding paragraph, may authorise the Bank's managers or other members to attend the Committee's meetings whenever this is appropriate for the proper implementation of the work programme.
11. It shall also be for the CRAV Chair to coordinate the activities of this body, ensuring that its deliberations are carried out, and to represent the Committee vis-à-vis third parties, including the supervisory authorities.

Article 6. Deliberations

12. The CRAV shall be deemed validly constituted and competent to take decisions when at least two of its members are present.
13. The CRAV decisions shall be taken by a majority of the votes of the members present, with the Chair, or their substitute, having a casting vote.
14. In exceptional circumstances or for reasons of recognised urgency, the Chair of the CRAV may facilitate the adoption of resolutions by written procedure by circulating documents to all CRAV members, provided that all members have previously agreed to this form of deliberation.
15. Pursuant to the preceding paragraph, documents may be circulated by post, fax or e-mail. Each member shall reply by one of these means within a reasonable time limit to be set by the Chair, depending on the urgency and complexity of the matter under consideration.

Article 7. Minutes

Minutes shall be taken of all meetings of the CRAV, recording the proposals put forward, the resolutions adopted and the explanations of vote given by any member during the course of the meeting.

Article 8. Conduct and Conflicts of Interest

16. The Bank's Code of Conduct shall apply *mutatis mutandis* to the CRAV members.
17. Without prejudice to the legal and regulatory provisions that may be relevant here, CRAV members shall disclose any direct or indirect interest that they, some of their relatives or entities with which they are connected may have in any matter that may be the subject of deliberation at any given time.
18. Pursuant to the preceding paragraph, CRAV members must declare the nature and extent of this interest and, if the CRAV deems it relevant, the member in question must abstain from participating in the discussion and/or voting on any proposal relating to this matter.
19. In accordance with the preceding paragraph, when a decision on the reassessment of a member of the CRAV is concerned, the member concerned may not vote on such a decision.

Article 9. Approval and Subsequent Amendments

20. The approval of this Regulation is subject to the approval of the General Meeting.
21. Any subsequent amendments made to this document must be proposed by the CRAV to the General Meeting.

