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BANCO
CARREGOSA

Plan for the Prevention of
Risks of Corruption and
Related Offences

November-2022

V. 1.0

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Plan for the Prevention of Risks of Corruption and Related Offences

Board of Directors

I. Versions Index

Date	Version	Description
Nov.2022	1.0	Initial version.

II. Properties

Proprietorship

Board of Directors

Proponent

Compliance Department

Contributors

Supervisory Committee and Risk Department

Approval

Board of Directors, on 29 November 2022

Banco Carregosa Code

Strategy and Organisation | 1.52

Entry into effect

30 November 2022

Scope of disclosure

Public

III. Legislative Sources and Reference Documents

1.02 – Policy for the Selection and Assessment of the Members of the Management and Supervisory Bodies and Key Function Holders.

1.07 – Organisation and Internal Governance

1.12 – Outsourcing Policy.

1.35 – Catálogo de Riscos.

2.01 – Code of Conduct.

2.04 – Conflict of Interest Policy.

2.07 – Policy on the Prevention of Money Laundering and Terrorist Financing.

2.09 – Policy on the Reporting of Irregularities.

Criminal Code, approved by Decree-Law No. 48/95 of 15 March.

Decree-Law No. 109-E/2021 of 9 December, establishing the legal framework for the prevention of corruption.

Law No. 19/2003 of 20 June, establishing the legal framework regarding the financing of political parties.

Law No. 20/2008 of 21 April, creating the new criminal framework for corruption in international trade and in the private sector.

Law No. 83/2017 of 18 August, establishing the measures to combat money laundering and terrorist financing.

IV. Definitions, Abbreviations, and Acronyms

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

BoD: Board of Directors.

EC: Executive Committee.

SC: Supervisory Committee.

Employees: any person having employment ties to the Bank, irrespective of the hierarchical function or nature and duration of this tie, including, pursuant to applicable legal, regulatory or contractual provisions, agents, commissioners and permanent or one-off service providers under an outsourcing arrangement.

Corruption and related offences: the crimes of corruption, receiving and offering undue advantage, embezzlement, beneficial interest in a business, graft, abuse of power, malfeasance, influence peddling, laundering or fraud in obtaining or diverting a subsidy, grant or credit.

IAD: Internal Audit Department.

PBD: Private Banking Department.

CD: Compliance Department.

SID: Savings and Investment Department.

RD: Risk Department.

Extortion: Actions carried out by those who, with the intention of obtaining unlawful enrichment for themselves or a third party, force another person, by means of violence or significant threat, to dispose of property that causes a loss to themselves or to another person.

ICF: Internal Control Functions.

MOAF: Member of the Management and Supervisory Bodies.

Facilitation Payments: actions carried out by those who, in the performance of their duties or as a result thereof, by themselves or through a third party, with their consent or ratification, requests or accepts for themselves or a third party, a material or non-material advantage that is not due to them and that does not constitute socially appropriate or customary conduct, in accordance with the provisions contained in 2.04 – Conflict of Interest Policy, H. Incentives and Donations.

Plan: This Plan for the Prevention of Risks of Corruption and Related Offences.

Bribery: Actions carried out by those who convince or try to convince another person, through a gift or promise of a material or non-material advantage, to give false evidence or false testimony, expertise, interpretation or translation, without these being committed.

KFH: Key Function Holder(s).

Influence peddling: actions carried out by those who, by themselves or through a third party, with their consent or ratification, request or accept for themselves or a third party, a material or non-material advantage, or the promise thereof, to abuse their influence, real or supposed, with any national or foreign public entity.

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A. Scope and Purpose

1. This Plan, which is part of the Regulatory Compliance Plan on Corruption, aims at preventing, detecting and sanctioning acts of corruption and related offences carried out against or through the institution.
2. Banco Carregosa clearly rejects any conduct that, directly or indirectly, is related to acts of corruption, in all its forms. Its actions are governed by respectful principles and values in accordance with the legislation and regulations in force.
3. The head of the CD, as the Bank's Compliance Officer, is responsible for ensuring and monitoring the implementation of the Plan.
4. The Plan applies to MOAFs, KFHS and other employees.
5. The objectives of this Plan are as follows:
 - i. The disclosure to all members subject to the Plan of the Bank's commitment to ensuring that its activity is based on compliance with the legislation and regulations in force, and on the pursuit of the principles and values provided for in 2.01 – Code of Conduct, and the absolute rejection of any type of conduct that may be directly or indirectly related to corruption;
 - ii. Establish the rules of conduct that must govern the activity of the Bank and of the MOAFs, the KFHS and other employees, by establishing diligence measures aimed at avoiding contractual relations with third parties that could damage the Bank;
 - iii. Ensure before all stakeholders, in particular MOAFs, KFHS and other employees, shareholders and its clients that Banco Carregosa supervises and monitors its activity, by establishing appropriate measures to prevent or reduce the risk of committing crimes of corruption or related offences and also that the preventive duties set out in Article 11 of Law No. 83/2017 are exercised, as set out in 2.07 – Policy on the Prevention of Money Laundering and Terrorist Financing.

B. General Principles of Corruption Risk Management

6. Banco Carregosa guides its actions so as to:
 - i. Absolutely reject any action or omission directly or indirectly related to acts of corruption or related offences;
 - ii. Prohibit illicit actions and/or actions that are not in line with the rules in force, including the provisions of this Plan, under the pretext that they are acting in the best interest of the bank, irrespective of the economic benefit generated;
 - iii. Oblige MOAFs, KFHS and other employees to report any facts of which they become aware that are contrary to this Plan, for which purpose they may use the mechanisms foreseen in 2.09 – Policy on the Reporting of Irregularities;
 - iv. Respect the high standards of loyalty to the market, in compliance with the rules of free competition;
 - v. Whenever conducts that may be related to bribery and/or corruption are detected, the Bank analyses then with special care and attention, and raising the degree and type of monitoring;
 - vi. Collaborate with the competent authorities, in particular the judicial, police and sector-specific authorities;
 - vii. Promote a risk culture that fosters the monitoring, compliance and implementation of an internal control structure that enables decisions to be taken on the risks undertaken, in accordance with the provisions of 1.07 – Organisation and Internal Governance

C. Risk of Corruption and Related Offences

C.1. Identification of Risks and Situations that may Expose the Bank

C.1.1. Extortion, Bribery, Influence Peddling, and Facilitation Payments

7. The Bank condemns the practice of all conducts that may constitute or be related to extortion, in its different forms, as provided for in Article 223 of the Criminal Code.
8. The Bank thus rejects any conduct that may constitute influence peddling or bribery, pursuant to Articles 335 and 363, in particular, of the Criminal Code.
9. Facilitation payments constitute material or non-material advantages made with the intention of ensuring or speeding up the execution of a routine or necessary action, to which the party making the payment may be entitled, and any person who commits this act can be disciplined pursuant to 2.01 – Code of Conduct.
10. The Bank condemns and holds an employee liable for disciplinary action under the terms established in 2.01 – Code of Conduct where such employee, on his own behalf or through their consent or ratification, or on behalf of a third party, requests or accepts, for themselves or for a third party, without it being due to them, a material or non-material advantage, or the promise thereof, for any act or omission that constitutes a violation of their functional duties, without prejudice to the employee incurring in the crime of passive corruption in the private sector as provided for and punished pursuant to Article 8 of Law No. 20/2008 of 21 April.

C.1.2. Incentives and Donations

11. Incentives and donations are provided for in 2.04 – Conflict of Interest Policy, more precisely in Section H | Incentives and Donations.
12. As established in the regulations identified in the preceding paragraph, gifts accorded with social customs, which are made in accordance with the Bank's usual criteria and previously defined, such as the sending of gifts during festive seasons, are not covered by the provisions in 2.04 – Conflict of Interest Policy.

C.1.3. Relationship with Public and Political Institutions

13. Banco Carregosa always acts in compliance with Law No. 19/2003, regarding the financial of political parties. As such, donations to political parties are prohibited in accordance with Article 8 of Law No. 19/2003.
14. The provision of the preceding paragraph does not mean that political parties may not take out loans pursuant to Article 8(2) and Article 3(1)(f) of Law No. 19/2003. Should a loan be granted, the process of risk assessment, including that of conflicts of interest, should be strengthened.

C.1.4. Outsourcing

15. The outsourcing of services is regulated in 1.12 – Outsourcing Policy of the Bank.

C.2. Analysis and Classification of Risks

16. Committing a crime of corruption or related offences against or through the Bank is related to the following risk categories and subcategories, as identified in 1.35 – [Catálogo de Riscos](#):

- i. Internal Governance Risk:
 - a. Internal Governance Structure Risk.
- ii. Operational Risk:
 - a. Risk of Internal Fraud;
 - b. Risk of External Fraud;
 - c. Risk associated with People (excluding Fraud).
- iii. Other Risks:
 - a. Reputational Risk;
 - b. Compliance Risk;
 - c. Risk of Money Laundering and Terrorist Financing.

C.3. Exposure to the Risk of Corruption

- 17. The Bank considers that there is reduced exposure to the risks associated with interaction with public or political institutions, and considers that the main risk to which it is subject is that of payment or receipt of facilitation payments, which may take the form of donations.
- 18. With regard to outsourcing risks, the reduced number of critical suppliers and the consequent close monitoring of such relations is of note.

C.4. Likelihood of Occurrence and Likely Impact

- 19. Given the clearly commercial nature of the PBD and of the SID and the consequent frequent direct contact with clients, these business-generating departments are more likely to be exposed to the risks and situations presented in C.1. Identification of risks and situations that may expose the Bank.
- 20. Among the aforementioned Departments, the occurrence of acts of corruption and related offences:
 - i. Have a higher predictable impact for the Bank if they occur in the PBD, due to the large sums involved in the services provided and consequent proximity/trust in the employee/client relationship;
 - ii. Have a moderate impact if they occur in the SID.
- 21. It is considered that the likelihood of corruption situations occurring is lower among the MOAFs and KFHS, in particular considering the stringent suitability assessment of these carried out in accordance with 1.02 – Policy on the Selection of MOAFs and KFHS, but the potential impact thereof is more significant, namely in terms of reputational risk, with the consequent negative impacts on results or capital.

C.5. Preventive and Corrective Measures

- 22. Banco Carregosa promotes a risk culture that fosters compliance, as well as the implementation of a robust internal control structure that covers the entire organisation and allows for fully informed decisions on the risks undertaken.
- 23. In 2.04 – Conflict of Interest Policy, Banco Carregosa defines clear frameworks in matters of incompatibilities, impediments and ineligibilities.
- 24. The Bank implements selection and assessment policies, as well as regulations and manuals that maximise transparency and facilitate the examination of functions.

25. MOAFs and employees of the Bank espouse the standards of behavioural ethics defines in 2.01 – Code of Conduct.
26. Reinforced due diligence measures are adopted when outsourcing as defined in 1.12 – Outsourcing Policy.
27. Where situations involve greater risk, Banco Carregosa sets out more comprehensive measures, which take priority over others in place.

D. Training and Communication

28. The Bank conducts internal training programmes for all its MOAFs and employees so that they are aware thereof and understand the policies and procedures in place to prevent corruption and related offences.
29. The content and frequency of training for MOAFs and employees take into account their different exposure to the risks identified.
30. The training programme on the prevention of corruption and related offences should cover at least the following topics:
 - i. The importance of preventing corruption and related offences;
 - ii. Definition of corruption and other basic concepts;
 - iii. Duties to prevent corruption;
 - iv. Duty to report;
 - v. Consequences of breaching the duties of preventing corruption and whistleblowing.
31. Where circumstances so require, in particular where there are significant legislative changes, this training shall be updated accordingly.
32. The Bank strives to make the above policies and procedures for the prevention of corruption and related offences known to the entities which it works.

E. Disciplinary Liability

33. The breach of this Policy, through act or omission, intentionally or negligently, even if attempted, constitutes a disciplinary offence punishable under the provisions of 2.01 – Code of Conduct, without prejudice to possible administrative, criminal or civil liability.

F. Final Provisions

34. The CD shall be responsible for preparing the mid-term assessment report, to be submitted to the BoD in October, regarding the identified situations of potentially higher risk.
35. The CD shall be responsible for preparing the annual assessment report, which shall quantify the degree of implementation of the preventive and corrective measures identified and the forecast for their implementation, in April of the following year relating to the period in question, to be submitted to the BoD.
36. The Plan shall be revised every three years or whenever changes require.
37. The Plan is available for consultation on the Bank's under the 'Bank – Policies.'

