

## Policy for the Selection and Assessment of Suitability of Members of the Management and Supervisory Bodies and Key Function Holders

*This is an unofficial translation of the proposal of Policy for the Selection and Assessment of Suitability of Members of the Management and Supervisory Bodies and Key Function Holders prepared for information purposes only. In the case of any discrepancy between this translation and the Portuguese version of the Policy for the Selection and Assessment of Suitability of Members of the Management and Supervisory Bodies and Key Function Holders, the Portuguese version shall prevail.*

## 1 Introduction

This document defines the Policy for the Selection and Assessment of the Suitability of the Members of the Management Body, the Supervisory Body and Key Function Holders (hereinafter, the "Policy") of Banco Finantia, S.A. (hereinafter the "Company" or "Bank"), including: (i) the scope of application and body responsible; (ii) the procedures of selection and assessment adopted; (iii) the required suitability requirements; (iv) the rules on prevention, communication and resolution of conflicts of interest; and (v) the professional training to be made available.

## 2 Applicable Legislation

This Policy has been prepared based on the following legislation:

- a. Legal Framework of Credit Institutions and Financial Companies, approved by Decree-law no. 298/92, of 31 December, as amended ("RGICSF");
- b. Notice of Bank of Portugal no. 3/2020, of 29 June ("Notice 3/2020");
- c. Instruction of Bank of Portugal no. 23/2018, as amended ("Instruction 23/2018");
- d. EBA Guidelines "Guidelines on the assessment of the suitability of members of the management body and key function holders" (EBA/GL/2021/06) ("EBA Guidelines");
- e. Guide for suitability and fit-and-proper assessment, May 2017, issued by Central European Bank.

## 3 Scope of application and Body responsible for suitability assessment

### 3.1 Scope of Application

For the purpose of the proportionality principle referred to in Article 30, number 5 of RGICSF, this Policy takes into account the nature, size and complexity of the Bank's activity, and defines the procedures the Bank follows for identifying, assessing and reassessing the individual suitability, as well as the collective assessment, as applicable, regarding:

- i Members of the Management Body;
- ii Members of the Supervisory Body;
- iii Key Function Holders (as defined below);
- iv Managers of Branches of Banco Finantia established abroad.

For these purposes, and namely as per article 33-A of RGICSF, it was considered that the staff members identified as "Key Function Holders" correspond to the Heads Responsible for the Internal Control Functions (*i.e.* Responsible for the Risk Management Function, Responsible for the Internal Audit Function; Responsible for the Compliance Function and Responsible for the AML Function), as well as other functions which the Supervisory Body, in its capacity as Assessment Committee, may, in accordance with the set out in no. 1 of such legal provision, identify as having a significative influence in Banco Finantia's management.

This Policy shall also apply to any other persons as identified by the Bank or as defined by the Bank of Portugal as Key Function Holders.

This Policy is also applicable to Finantia UK Limited and may also be applicable to Banco Finantia's regulated subsidiaries, regardless where they are located, with the necessary adaptations arising, namely from the activity developed and the nature of the functions, as well as to the extent necessary to comply with specific requirements, procedures or formalities set forth by applicable local legislation. In these cases, the Assessment Committee is responsible for defining the applicable simplified procedure to ensure the assessment of the suitability of the persons identified under this Policy.

### **3.2. Responsible Corporate Body**

The Bank's Supervisory Body (hereinafter referred to as the "Assessment Committee") is responsible for ensuring the application of this Policy, as well as for assessing the suitability of the persons and bodies concerned and for identifying staff as Key Function Holders.

## **4 Selection and Assessment Procedures**

### **4.1 Selection and Assessment Procedures**

The election of the members for the management and supervisory body is the responsibility of the Shareholders.

The appropriate succession of the members of the management and supervisory bodies must be assured, planning changes in order to maintain a sufficient level of collective knowledge and experience. The rules regarding the indication of the persons and the applicable minimum requirements, at individual and collective level, for the Management Body and Supervisory Body, for the positions of key function holders or to be appointed as managers of branches established abroad, are set out in the Bank's "Succession Policy for the Members of the Management and Supervisory Bodies and Key Function Holders" ("Succession Policy").

Vacancies occurring in the Board of Directors during a term of office may be filled by co-optation, in accordance with the Company's Articles of Association, by such person appointed for that purpose by the members of the Board of Directors. Shareholders must ratify the co-optation on the first General Meeting convened after such co-option.

The decision to replace any staff responsible for internal control functions (i.e. Risk Management Function, Internal Audit Function; Compliance Function and AML Function) must be taken by the Board of Directors and (i) the reasons for the replacement must be duly documented; (ii) such decision requires a binding prior opinion from the supervisory body; and (iii) must be accompanied by a substitution adequacy assessment report, pursuant to the provisions of article 30-A of the RGICSF. Immediate communication of the decision of substitution to the competent supervisory authority, together with the reasons for the decision taken is necessary.

The Board of Directors is responsible to appoint staff as Key Function Holders, further to indication from the Human Resources Department.

The suitability to perform their respective functions of members of the management and supervisory bodies and of the Key Function Holders shall be subject to prior assessment by the Assessment Committee and seeks to ensure that the persons concerned meet the requirements of suitability, professional qualifications, independence and availability required and shall take into account the nature, size and complexity of the activity and the requirements and responsibilities associated with the specific tasks to be performed.

The collective assessment in the context of each corporate body shall take into account the individual characteristics of the members of each body, as well as the safeguarding of the conditions under which these bodies function, in particular the diversity of qualifications and competences and the availability of all members of the management and supervisory bodies.

Members of the supervisory body shall be assessed by the other members and may not take part or participate in their own assessment.

#### **4.1.1. Members of the Management and Supervisory Bodies**

Accordingly, the Assessment Committee is required to receive the following documents, for purposes of appointing members to the management and supervisory bodies and of assessing their individual suitability:

- i A simple copy, of both sides, of the identification document;
- ii A written statement containing all the information considered relevant and necessary to assess their suitability as set forth in the template included in Schedule I to this Policy;
- iii An individual questionnaire to be sent to the Bank of Portugal, duly completed, or all the relevant and necessary information to assess suitability, as per template approved for such purpose by the Bank of Portugal;
- iv A valid and up-to-date criminal record certificate;

In addition, and within the scope of the assessment process of the members of the management, the Board of Directors or the Audit Committee may request, if it deems it necessary or convenient, that the Compliance Department executes an analysis in order to identify situations that may potentially generate conflicts of interest, as well as the existing mitigating controls and / or any additional mitigation mechanisms or cancellation of the risks identified. Such a prior analysis is mandatory in the context of the process of distribution of areas of responsibility amongst the Board of Directors' executive members.

The results of any such individual or collective assessment/reassessment must be included in a report prepared by the Assessment Committee ("Assessment Report"), which must be:

- a sent to the Chairman of the General Shareholder's Meeting for purposes of being made available to the shareholders as preparatory information for the General Shareholder's Meeting;
- b submitted for shareholder approval at the next General Shareholder's Meeting in the event members are co-opted to the management body;
- c sent to the Bank of Portugal together with the authorisation request, or, in the case of reassessment, made available to the Bank of Portugal upon request.

If the Assessment Report prepared by the Assessment Committee considers that the individual does not meet the suitability requirements to perform the role, such individual may not be appointed.

As a minimum requirement, the Assessment Report prepared and presented by the Assessment Committee must include an independent and justified analysis whether the eligible individual complies with suitability requirements as follows:

- i Suitability
- ii Qualifications and Professional Experience;
- iii Independence;
- iv Availability;
- v Collective Assessment of the composition of the management body and the supervisory body.

#### **4.1.2. Managers of Branches**

The set out in this Policy in relation to the members of the management body, particularly the foreseen in number 3.1.1 above, is applicable, with the necessary adaptations, to the Managers of Branches of the Bank.

#### **4.1.3. Key Function Holders**

Prior to their appointment, Key Function Holders must submit to the Assessment Committee a written statement as set forth in Schedule I, adapted as necessary, which must include all relevant and necessary information to assess their suitability to exercise the functions which they are proposed to be appointed, whereas the above provisions shall apply, to the extent applicable.

The results of the assessment of Key Function Holders must be included in an Assessment Report, which may be in the form of minutes and which must be made available upon request to the Bank of Portugal in accordance with the law.

### **4.2 Continuous Monitoring and Reassessment Procedure**

The Assessment Committee must take all the actions it may deem necessary and adequate to monitor the individual and collective suitability of the members of the Management and Supervisory Bodies in order to assess whether the same, both individually and collectively, continue to be suitable, based on their individual and collective performance. The results of this monitoring, even if not resulting in any recommendations to make any changes or taking other measures, must be documented in an annual report to be submitted to the Management Body.

Individual assessment of members of the management and supervisory bodies and of the Key Function Holders, as well as the collective assessment of the relevant bodies, are performed throughout the term of the respective mandate whenever one or more supervening events occur and may reasonably give rise to a reassessment of suitability due to lack of compliance with any of the suitability requirements.

In any event, the individual and collective suitability of the management and supervisory bodies will be subject to reassessment in the case of a new term of office, even in case of reappointment and in the case of Key Function Holders every three years.

Any subsequent facts concerning the appointment of members of the Management Body and of the Supervisory Body and of Key Function Holders that may change the content of the information contained in the individual Questionnaire sent to the Bank of Portugal or which changes or may change - according to a reasonable judgement - the assessment of their individual suitability, experience, competence and knowledge, availability or suitability for their assigned duties, must be communicated to the Chairman of the Supervisory Body and to the Company.

For the purposes of this Policy, both facts occurring after the appointment and those occurring previously which knowledge thereof is only after such appointment are considered supervening.

In case the Assessment Committee reached the conclusion in the Reassessment Report that the reassessed person or the body as a whole does not meet one or more of the required adequacy requirements, it shall, whenever possible, adopt the following measures, which may include, in particular:

- a adjustments of responsibilities between members of the management and supervisory bodies or of the Key Function Holders;
- b replacement of members of the management and supervisory bodies or of any Key Function Holder;
- c suspension of the duties of certain members of the management and supervisory bodies or of Key Function Holders;
- d professional training, both at the individual level and at the level of the body, to ensure that the collective professional qualification of the body is sufficient.

## 5 Suitability Requirements

The Assessment Committee as the body responsible for assessing the suitability of the members of the management and supervisory board and the Key Function Holders must take into consideration the nature, size and complexity of the activities performed by the Company as well as the requirements and responsibilities of the specific function to be performed by the person under assessment.

### 5.1 Management and Supervisory Bodies

#### 5.1.1. Individual suitability requirements

**Suitability:** The assessment of suitability will be performed in accordance with objective criteria using as much information as possible on the past professional functions of the member being assessed and the most important aspects of their profile.

The assessment of suitability shall take into account the way in which a person usually manages its business, whether professional or personal, or exercises a profession, especially in relation to their ability to decide in a thoughtful and considerate manner.

In general, a member of a management or supervisory body if there are no reasoned doubts nor documentation suggesting otherwise.

**Professional Qualification:** members of management and supervisory bodies must have the experience and professional qualifications necessary to perform their functions, taking into account the responsibilities conferred on them, the complexity of the activity and the size of the Company and the need to ensure sound and prudent management.

The assessment of the individual's experience takes into account both the theoretical experience obtained through academic and training courses as well as the practical experience acquired in previous jobs.

In particular, the non-executive members of the Board of Directors and the members of the supervisory body must have the skills and qualifications that allow them to carry out a critical assessment of the decisions taken by the Board of Directors and effectively supervise the function of this body.

**Independence:** the independence requirement intends to prevent the risk of members of the management or supervisory bodies being subject to the undue influence of other individuals or entities and to ensure that the conditions exist to allow such person to perform their functions with impartiality.

Independence should be assessed using information provided by the individual, specifically the information contained in the questionnaire.

For purposes of assessing members of the supervisory body, a person is considered to be independent if they are not linked to any group with specific interests in the Company and are not in a position that might affect their ability to provide impartial analysis or make unbiased decisions, in accordance with paragraph 5, Article 414 of the Companies Commercial Code. The supervisory body must have a majority of independent members and the Chairman must be independent.

When assessing independence, account is taken to all relevant situations, whether current or occurring in the past five years, which may affect the independence of the person concerned.

The existence of a conflict of interest does not necessarily mean that the person assessed cannot be considered adequate for the exercise of the function, and the Assessment Committee is responsible for deciding in the assessment whether the risk is significant and/or suggesting possible mechanisms for mitigating or cancelling such risk, and it may also resort, as provided in 3.1.1 above, to the support of the Compliance Department in order to carry out an analysis in the terms referred.

**Availability:** members of management and supervisory bodies must have the ability to commit sufficient time to perform the respective functions.

In order to assess this requirement, the Evaluation Committee must take into account the legal requirements on the holding of multiple directorships and must address the circumstances of any specific situation, in consideration to the requirements of the role to be performed and the nature and complexity of the Company's activity. For the purpose of this analysis, the executive and non-executive positions in the management or supervisory bodies of credit institutions or other entities



that are included within the same consolidated supervision, or companies within the same group, or in which the Company has a qualifying holding shall be considered as a single directorship.

## 5.2 Key Function Holders

The individual assessment of the suitability of Key Function Holders shall take into consideration the requirements of suitability, professional qualification and independence established for members of Management and Supervisory Bodies and, in the case of Branch Managers, in addition to the aforementioned requirements, also that of availability, in both cases with the necessary adaptations.

### 5.2.1 Collective suitability requirements

The Management and Supervisory Bodies must be composed of members who can collectively ensure a sound and prudent management of the Company.

Within the framework of the individual assessment of members for the management and supervisory bodies, the Evaluation Committee must collectively assess the body as a whole in order to check that the body has sufficient professional qualifications and experience in important areas and that there is an appropriate level of independence and time commitment to comply with the legal and statutory functions of such body, as follows:

**Collective knowledge and expertise:** management and supervisory bodies must include members who, collectively, have sufficient practical experience in banking and finance, among other areas.

**Availability:** as a whole, management and supervisory bodies must include members who may commit sufficient time to perform the duties assigned. The time commitment requirement must also be assessed in collective terms.

**Diversity:** the Bank shall promote the diversity in the composition of its management and supervisory bodies in terms of gender, professional expertise, geography and age in order to improve the performance of the relevant body and to ensure a better balance. With regard to gender diversity, the objective set by the Company is to have a presence of at least 20% of the underrepresented gender in the Bank's corporate bodies.

In addition to the collective assessment of the qualifications and professional experience of management and supervisory bodies, the Assessment Committee must analyse and complete the "Collective assessment template for establishing management and supervisory bodies" in accordance with the current model approved by the Bank of Portugal, which must be attached to the Assessment Report as an appendix.

In the event of a new mandate within a Management or Supervisory body, a new collective assessment template must always be sent to the Bank of Portugal, even if there is no change to the composition the body.

## 6 Rules on prevention, communication and resolution of conflicts of interest

The members of the Management and the Supervisory Body, as well as Key Function Holders, must avoid any situation that may give rise to conflicts of interest. Conflict of interest situations will have the treatment defined in the internal rules applicable to the Company, namely in the Code of Conduct, in its Conflicts of Interest Policy, and in the internal regulations of the management and supervisory body.

The members of the Management and Supervisory Bodies and Key Function Holders must previously communicate the exercise of any activity exercised outside Banco Finantia, in order to allow the verification of potential conflicts of interest or incompatibilities.

In the event that the members of the Management and the Supervisory Body and Key Function Holders do not comply with the Bank's internal regulations on the prevention and management of conflicts of interest, the specific situation will be notified by the Compliance Department to the Audit Board, in order to promote the necessary measures to remedy the situation of conflict of interests, the possible accountability resulting from the action taken, and the adoption of additional measures considered adequate to strengthen the prevailing prevention mechanisms.

## **7 Training**

The Company shall make external or internal training available to members of Management and Supervisory Bodies and Key Function Holders as deemed necessary or adequate for the performance of their functions.

The Company will also provide internal, face-to-face or remote training (*e-learning*) related to mandatory subjects (money laundering, data protection etc.) as well as others subjects identified as necessary or useful for the exercise of the relevant functions.

The Company will also promote internal meetings of the members of the Management and Supervisory Bodies with the responsible for the internal control functions and other departments as considered relevant in order to ensure knowledge of the organizational and functional structure of the institution.

## **8 Communications to Banco de Portugal**

The individual and collective initial assessment reports must accompany the authorization request for the exercise of functions submitted to the competent supervisory authority, in case the relevant regulations require its submission. Individual reassessment reports must also be sent to the competent supervisory authority as soon as they are completed, in case the relevant regulations require its submission.

The Legal Department is responsible for making all communications and notifications resulting from the assessment of the roles and functions subject to the evaluation procedure provided for in the RGICSF, pursuant to Notice n.º 3/2020, in Instruction n.º 23/2018 and in this Policy, which must be addressed to the competent supervisory authorities.

## **9 Approval and Publication**

The Assessment Committee shall review this Policy annually and shall submit it to the Board of Directors that, whenever it deems appropriate, shall approve the proposal of Policy to be submitted to the approval of the General Assembly.

This Policy is subject to publication on the Company's website.

## Schedule I

### Statement

I [name of candidate], in my capacity as [member of (name of body)/key function holder] of Banco Finantia, S.A. ("Banco Finantia"), hereby state, under the terms and for the purpose of items 3 and 5 of Article 30-A of the RGICSF that I comply with all the suitability, independence, professional qualification and availability requirements needed to adequately perform the functions to which I am appointed and that, in said capacity, I shall contribute to the sound and prudent management of Banco Finantia.

There are no events or circumstances of a personal or professional nature that prevent me from performing the position in accordance with the required standards and I commit to immediately notify Banco Finantia of any supervening events.

Attached are the required elements for purposes of assessing verification of my suitability and to obtain authorisation to perform the relevant functions, including those required under the authorisation process with the Bank of Portugal.

[location], [date]

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Signature

Appendices:

[Include identification of appendices]