

ANNUAL GENERAL MEETING OF BANCO COMERCIAL PORTUGUÊS, S.A.

(4/05/2022)

PROPOSAL IN CONNECTION WITH ITEM 5 OF THE AGENDA

To resolve on the update of the internal policy for the selection and assessment of the suitability of the members of the management and supervisory bodies and key-functions holders

Considering that:

- a) The General Meeting of Shareholders held on May 2018 approved the internal policy of selection and assessment of the suitability of the members of the management and supervisory bodies;
- b) Since then, the regulations applicable to the matters governed by the above-mentioned Policy have undergone successive developments, namely through European regulations, standards and guidelines, such as the Guidelines of the European Banking Authority (EBA) on the internal governance of institutions (EBA/GL/2021/05, of 2 July) and on the assessment of the suitability of the members of the management and supervisory body and key-function holders (EBA/GL/2021/06, of 2 July), as well as Notice of Banco de Portugal 3/2020
- c) Due to these regulatory changes and their relevance in terms of assessment of suitability, it is convenient to review and adapt the internal policy for the selection and assessment of the suitability of the members of the management and supervisory bodies and key-function holders,

It is proposed

To resolve on the approval of the internal policy for the selection and assessment of the suitability of the members of the management and supervisory bodies and key-function holders, hereto attached.

Lisbon, 11 April 2022

THE BOARD OF DIRECTORS

Internal policy for the Selection and Assessment of the Suitability of the members of the management and supervisory bodies and of Key-Functions Holders

1. This document constitutes the policy for the selection and assessment of the suitability of the members of the management and supervisory bodies and key-function holders of Banco Comercial Português, S.A. (“BCP” or “Bank”).
2. The Board of Directors, in the exercise of its functions and responsibilities, will approve, among other instruments it deems relevant, a Group Code that will specify and develop the principles of this policy, which must be adopted by financial institutions, branches or subsidiaries, within the scope of prudential consolidation perimeter of BCP, always complying with the legislation applicable to each entity and considering the respective specific situation.

I. GENERAL GUIDELINES

1. The process for the selection and assessment of suitability must ensure compliance with applicable legislation and regulations and is ruled by the following principles:
 - a) The application of the principle of proportionality in the establishment of suitability assessment and of succession policies.
 - b) Without damaging the legal requirements which may apply, the Bank is responsible for the individual and collective assessment of the members of the management and supervisory bodies and key-function holders;
 - c) The members of the management body (which, in the case of the Bank, comprises the Audit Committee, the supervisory body) and the key function holders shall, at all times, be of sufficiently good repute and possess sufficient knowledge, skills and experience to perform their duties satisfactorily;
 - d) The overall composition of the management body must include an appropriately broad diversity in terms of gender, knowledge and experience, in compliance with the diversity policy in effect;
 - e) The process to assess suitability must be in line with the overall corporate governance structure of BCP, its culture and risk appetite;
 - f) The Board of Directors must keep a Succession Plan.
 - g) The Audit Committee and the Committee for Nominations and Remunerations (“CNR”) shall monitor the efficiency of this policy. Whenever necessary, amendments to this policy should be considered, based on legislative developments and recommendations made by the supervisory bodies, the CNR and the Audit Committee, which must be approved by the Board of Directors and, when relevant, by the General Meeting of Shareholders.

II. SCOPE AND GOVERNANCE OF THE SUITABILITY ASSESSMENT

Assessment of Individual Suitability

1. The members of the management bodies and the key-functions holders are, at all times, individually able to perform their duties, and their suitability must be periodically reassessed.
2. The Bank is responsible for the initial and ongoing assessment of the individual suitability of the members of the management body, without prejudice to the assessment made by the competent authorities for supervisory purposes.

Collective Assessment of Suitability

3. The management body should, at all times, possess, collectively, the adequate knowledge, skills and experience to be able to understand the activities conducted by the institution, including the performance of the business and the main risks it faces.
4. The Bank is responsible for the initial and ongoing collective suitability assessment of the management body, without prejudice to the assessment made by the competent authorities for supervisory purposes.
5. The Audit Committee makes an assessment, in articulation with the collective assessment of the management body, as provided for in article 3, (3) of Notice of Banco de Portugal 3/2020.

Assessment of Key-Function Holders

6. The key-function holders should have sufficiently good repute and be sufficiently honest and upstanding and must, at all times, have sufficient knowledge, skills and experience to perform their duties, and these requirements must be assessed, especially when they are appointed.
7. The initial and ongoing assessment of the reputation, honesty, integrity, knowledge, skills and experience of an individual should be based substantially on the same criteria applied to members of the management body. In assessing knowledge, skills and experience, the role and duties of the specific position should be considered.

Process of Assessment and Responsibilities

8. The assessment of the individual and collective suitability of the members of the management body, shall be carried out by the Board of Directors, based on an opinion issued by the CNR. In case the assessment includes a significant number of members of the CNR, the opinion that would be issued by CNR will be replaced by an opinion issued by an external entity.
9. The assessment of key-functions holders will be made by the Board of Directors, through the CNR.
10. The Executive Committee is responsible for supplying to CNR (with the support from the Human Resources Division) all the elements required for the issuance of the opinion.
11. Regarding the key-functions holders responsible for control functions, the CNR's opinion should be complemented with an opinion from the Audit Committee in the case of the Head of the Internal Audit and of the Compliance Officer and by the opinion issued by the Committee for Risk Assessment in what concerns the Risk Officer.
12. The stages of the assessment procedure must be duly documented and, whenever applicable, a collective assessment report will be issued for submission to the competent bodies.

13. The Company Secretary is responsible for carrying out all communications and notifications arising from the assessment of the suitability of positions and functions within the scope foreseen in the legislation in force and in this policy, which must be made to the competent authorities..

III. SUITABILITY REQUIREMENTS

1. Within the scope of the selection, appointment, re-designation and evaluation of members of the management body and key-functions holders, the following suitability requirements should, especially, be considered:

Provision of sufficient time by a member of the management body

2. The member of the management body must provide sufficient time to perform his/her duties and assume responsibilities, including an understanding of the activities pursued by the institution, its main risks and the implications in terms of business and risk strategies.
3. An up-to-date record of information relevant to this measurement should be kept.

Appropriate knowledge, skills, and experience

4. The members of the management body must possess an updated vision of the business, of the Bank and its risks, to an extent proportional to their responsibilities. This includes an adequate knowledge of areas outside the direct responsibility of an individual member, in particular in the areas in which he/she assumes responsibility together with the remaining members of the management body.
5. The members of the management body must have a clear understanding of the Bank's governance procedures, their respective roles and responsibilities and, where applicable, on the group's structure and on any possible conflicts of interest that may arise therefrom. The members of the management body should be able to contribute for the appropriate implementation of a culture, corporate values and behaviour within the management body and in the Bank.
6. The evaluation should not be limited to the member's level of academic qualifications or proof of the exercise of professional activity during a certain period of time at an institution. A more in-depth analysis of the practical experience held by the member should be carried out.
7. The executive members of the management body should have acquired sufficient practical and professional experience through holding a management position for a sufficiently long period of time.
8. The non-executive members of the management body must be able to provide a constructive debate on the decisions to be made, as well as to carry out an effective oversight of the management function of the management body. The appropriate knowledge, skills and experience to effectively perform a supervisory function may have been obtained through the exercise of relevant academic or management positions or through the exercise of management, supervisory or control functions in financial or non-financial institutions.
9. Any member of the Board of Directors who is elected or co-opted without having direct professional experience at the Bank or the Group of, at least, 3 years, should attend an integration training plan to be prepared by the Human Resources Division, in collaboration with the Compliance, Risk and Audit Divisions.

Suitability, honesty and integrity

10. A member of the management body should be suitable, honest and righteous. The evaluation of the reputation, honesty and integrity should be comprehensive in nature and consider the cumulative effects of minor incidents in the reputation of a member.
11. It is expected that a member of the management body discloses all the current and past facts and situations that he/she is aware of, which may be deemed as relevant for the evaluation of his/her reputation, honesty and integrity.

Assessment of the independence of mind and conflicts of interest

12. The members of the management body must possess the necessary behavioural skills, including conviction and strength to effectively assess and confront the decisions proposed by other members of the management body, the ability to ask timely and relevant questions to the members of the management body in their management function and be able to resist 'peer pressure'.
13. The members of the management body should not be affected by conflicts of interest able of impairing their ability to perform their functions in an independent and objective manner. Any situation of conflict of interest must be immediately reported and the respective assessment, as well as its prevention, communication, and resolution, must be carried out in accordance with the provisions of the Policy for the Prevention and Management of Conflicts of Interest.

Collective Suitability Criterion

14. The management body should be able, collectively, to understand the activities pursued by the institution, including the main risks that the same involve. Except if otherwise is indicated, these criteria must be applied separately to the management body in its management function and to the management body in its supervisory function.
15. The members of the management body should be able, as a whole, to make appropriate decisions, considering the business model, the Bank's risk appetite, its strategy, and the markets in which it operates.
16. Without prejudice to the legally established requirements, there must be a combination of independent and non-independent members in the management body for the exercise of its supervisory function. Within the scope of the general responsibility of the management body, independent members should play a fundamental role in improving the control and balance mechanisms of the Entity, improving the supervision exercised on the decision-making process at the management level, ensuring that the interests of all stakeholders, including minority shareholders, are duly considered in the debates and decisions made by the management body.
17. The members of the management body, while in the exercise of their supervisory role, should collectively be able to effectively challenge and oversee the decisions made by the management body in the exercise of their management function.
18. All the knowledge areas required for the exercise of the Bank's activities should be covered by the management body as a whole, with a sufficient level of expertise amongst the members of the management body. There should be a sufficient, diverse and supplementary number of members with knowledge and experience in each area so that the decisions to be made can be debated. The members of the management body must, collectively, have the necessary skills to present their opinions and challenge, improve and influence the decision-making process of the management body.

19. The composition of the management body should translate the knowledge, skills and the experience required for the fulfilment of their responsibilities. Such implies that the management body has, collectively, an adequate understanding of the areas for which the members are collectively responsible, as well as the skills to manage and effectively supervise the Bank.
20. Although the management body should, in the exercise of its management function, possess, collectively, a high-level of management skills, the management body, while in the exercise of its supervisory function, should, as a whole, possess a sufficient level of management skills to enable them to organize their tasks effectively and be able to understand and challenge the practices and decisions made by the management body while in the exercise of its management function.

IV. TRAINING

1. Institutions should put in place procedures for the establishment of initiation and training actions addressed at members of the management body and key-functions holders, including not only the number of training actions related to the beginning of the term-of-office, but also a set of regular training actions in the course of the same.
2. All new members appointed to the management body should receive the fundamental information to facilitate a clear understanding of the institution's structure, business model, risk profile and governance agreements, as well as the role played by members in these different contexts.
3. A process will be implemented to identify areas in which training is required, both for the management body as a whole and for individual members of the management body and key-functions holders.
4. The members of the management body and the key-functions holders should maintain and increase the knowledge and skills necessary to fulfil their obligations, being, for this purpose, encouraged, it is expected that they pro-actively identify areas and topics where they can receive training or allow them to develop skills.

V. DIVERSITY

1. Diversity should be promoted amongst the members of the management body and the key-functions holders. The goal will be to obtain a wide range of qualities and skills in recruitment, with a view to obtaining a variety of perspectives and experiences and favouring independence of opinions and a solid decision making, ensuring equal treatment and opportunities with particular focus on diversified qualifications, professional experience and background, gender, age, and geographical origin.
2. The diversity policy for significant institutions should include a quantitative or qualitative target for the representation of gender that is under-represented in the management body, the Bank's being set at, at least, one third.

VI. CORRECTIVE MEASURES

1. If the suitability assessment or reassessment process concludes that the candidate is unsuitable to be appointed as a member of the management body, that person will not be appointed or, if already appointed, must be replaced.
2. With the exception of criteria which are relevant for the assessment of reputation, honesty and integrity, if the suitability assessment or reassessment process results in the identification of deficiencies easy to remedy regarding the person's knowledge, skills or experience, appropriate corrective measures will be taken¹ aimed at overcoming those deficiencies in a timely manner.
3. If the suitability assessment or reassessment process concludes that the management body is not collectively suitable, the appropriate corrective measures will be taken in a timely manner² in order to overcome those deficiencies.
4. In any of those cases, the competent authorities must be informed without delay of any materially relevant deficiencies identified

VII. SUCCESSION PLAN

1. The Board of Directors approves a Succession Plan for the members of the management and supervisory bodies and for key-functions holders.
2. The succession policy referred to in the previous number must specify the internal process, external or both, to support the selection and assessment of potential successors, bodies involved, the respective calendar, as well as support the preparation of a permanently updated list of possible candidates for becoming members of the management and supervisory bodies, able of being submitted for the appraisal of the general meeting of shareholders.
3. Whenever justified, an appropriate confirmation should be obtained regarding the information provided by the candidates to become members of the management and supervisory bodies and key-functions holders, within the context of the selection and assessment process.

¹ For example, through specific individual training.

² For example, through collective training, individual training for its members, redistribution or adjustment of responsibilities within the management body, replacement of some of the members, recruitment of additional members, or implementation of measures to mitigate potential conflicts of interest.