



# HAITONG

**Policy no. P55  
Remuneration Policy  
of  
Haitong Bank S.A**

Approved by the Shareholder  
on 29 April 2022

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## 1. OBJECTIVE

- a. The Remuneration Policy (“Policy”) of Haitong Bank (“Bank”) is aimed to attract and retain the best talents by establishing a competitive, transparent and compliant remuneration framework;
- b. This Policy defines the Group remuneration framework of Haitong Bank S.A., in a way to comply with the provisions in articles 115-C to 115-H of the Legal Framework of Credit Institutions and Financial Companies (hereinafter “RGICSF”), of the Bank of Portugal, as well as the guidelines on sound remuneration policies from EBA (EBA/GL/2015/22);
- c. This Policy also serves as a master Policy for Haitong Bank’s subsidiaries, which might have their own sovereign regulatory environment and local specific rules, which should be respected.

## 2. RECIPIENTS

- a. The dimension of scope in this Policy covers two aspects. The first aspect is to apply rules to the following groups of staff and Corporate Bodies:
  - i. All employees of the Bank, its branches and subsidiaries;
  - ii. The employees whose professional activities have a material impact on the Bank’s risk profile (“Identified Staff”), as defined by the Commission Delegated Regulation (EU) 2021/923 of 25<sup>th</sup> of March 2021, including the staff responsible for Control Functions and members of senior management;
  - iii. The members of the Corporate Bodies.
- b. The second aspect covered by this Policy is to provide the guidance and limits to govern the behaviours and practices in relation to remuneration, including staff individual agreements;
- c. With regards to the rules exclusively applicable to subsidiaries of Haitong Bank, each subsidiary will design an appendix to this Policy, detailing the specific local rules, which will prevail and apply to the respective subsidiary.

## 3. GOVERNANCE

- a. Human Resources is responsible for the periodic update of these rules, with inputs from other relevant parties, such as the Finance, Legal, Compliance and Risk Management functions;
- b. Compliance Department is responsible for monitoring the Compliance with the Policy;
- c. The Remuneration Committee reviews the Policy annually and provides an independent advice to the Shareholders meeting, which is the ultimate Corporate Body to approve this Policy;
- d. The Remuneration Committee prepares an annual assessment report of the Remuneration Policy, to be presented to the Supervisory Board, the Board of Directors and the General Meeting. The

report will include a description of the measures taken to correct detected deficiencies, if any, and will be made available to the supervisory authorities upon request.

#### 4. DISCLOSURE

- a. This Policy is available in the Bank's intranet and corporate website;
- b. After any amendments are approved to this Policy, the Compliance Department informs by e-mail all Bank's staff within 30 (thirty) days from the approval date and requests the upload of the most updated versions of the Policy on intranet e website.

#### 5. REGULATORY REQUIREMENTS

This Policy considers the Bank's dimension, organization, scope and complexity of its activities, while complying with the following requirements:

- i. To promote and be consistent with sound and prudent risk management practices;
- ii. To ensure that the variable component of remuneration does not limit the ability of the Bank to strengthen its capital base;
- iii. To be aligned with the Bank's business strategy, its long-term objectives, values and interests, including environmental, social and governance (ESG) risk-related objectives;
- iv. To provide for the independence of Control Function employees in relation to the structure units they oversee. The independence requirement aims at ensuring that their remuneration, which is overseen directly by the Remuneration Committee, is determined independently from the performance of the business units they control and is based on the objectives linked solely to their functions;
- v. To clearly differentiate the criteria between setting the fixed component of remuneration and defining the variable component of remuneration;
- vi. To ensure that individual remuneration practices, including individual staff agreements, are set in a way that prevents the occurrence of conflicts of interest;
- vii. To implement a gender-neutral remuneration policy, i.e. staff, independent of their gender, should be equally remunerated for equal work or work of equal value;
- viii. To ensure that any employee or *Identified Staff* holding executive offices in the management body of subsidiaries may be compensated by these subsidiaries, but the overall compensation structure and amount must be set according to the rules expressed in this Policy;
- ix. To discourage and not tolerate any practice of tax evasion or behaviours towards circumvention of tax obligations.

## 6. COMPOSITION OF REMUNERATION

- a. The remuneration of the Bank’s employees includes two components: fixed remuneration and variable remuneration. Fixed remuneration corresponds to fixed compensation paid regularly to employees during each year for their services;
- b. The fixed remuneration budget should be incorporated within the Bank’s annual budget process. The total expenditure on fixed remuneration should not exceed the approved budget unless there is legitimate approval. The variable remuneration depends on the sustainable and risk-adjusted performance of the Bank in the appraised year.

### 6.1. Fixed Remuneration

#### 6.1.1 Overview

- a. Fixed remuneration is typically determined by the professional category of the employees, experience and the local market salary practices for identical positions in similar financial institutions.

#### 6.1.2 Rules

<p>All employees and <i>Identified Staff</i></p>	<ol style="list-style-type: none"> <li>1. The fixed remuneration shall comprise of the regular salary plus other allowances that might be awarded to employees of the Bank, according to local labour rules and not based on performance</li> <li>2. The fixed component of remuneration should be sufficient to allow that the quality of the service provided by staff is not reliant on the attribution of variable remuneration</li> </ol>
<p>Members of the Corporate Bodies</p>	<ol style="list-style-type: none"> <li>1. Members of the Corporate Bodies shall earn a fixed annual salary. This remuneration will be established at the beginning of the mandate by the Shareholders Meeting, or via written shareholder resolution</li> </ol>

### 6.2. Variable Remuneration

#### 6.2.1 Overview

- a. Variable remuneration is seen as an important tool for retaining talents, incentivising performance and fostering the long term sustainability of the Bank;
- b. Variable remuneration is based on a combination of the assessment of the performance of the individual, and of the business unit concerned, as well as the overall results of the Bank on a given year;

- c. In the event of dismissal or early termination of duties of Corporate Bodies members or other staff members, no indemnities or severance payments will be made, except in situations provided for by law. In this case, these payments will be subject to the same rules of variable remuneration, in particular a deferral period, *malus* and *clawback* arrangements as referred in Section 8 of this Policy.

### 6.2.2 Rules

<p>All employees<sup>1</sup> and <i>Identified Staff</i></p>	<ol style="list-style-type: none"> <li>1. The global variable remuneration pool shall be established every year according to the rules and procedure expressed in the <i>Variable Remuneration Assessment Regulation</i> of Haitong Bank</li> <li>2. The Bank does not support any discretionary pension plan schemes nor issues any kind of securities or financial instruments that may be used for purposes of variable remuneration. Variable remuneration is paid in cash, observing the deferral rules described in section 7</li> <li>3. The individual variable remuneration awarded in each given year cannot exceed the amount of the fixed remuneration in that year. Exceptionally, the Bank may approve to raise this limit up to a maximum of twice the fixed component of the individual remuneration. To this effect, the Executive Committee must submit a detailed proposal for approval by the Shareholders Meeting, specifying 1) the proposed amounts, 2) the proposed staff member(s) affected, and 3) the rationale for the proposal. The Bank of Portugal will be informed of this proposal and the decision outcome</li> <li>4. Employees shall not, directly or indirectly, use any kind of instruments intended to hedge the risk of a downward adjustment in remuneration (e.g. buying an insurance contract which compensates the staff member in the event of a downward risk adjustment in the deferred portion of the variable remuneration)</li> <li>5. Guaranteed variable remuneration is forbidden, except in the case of recently hired staff. In this case, it can only be awarded during the first year of activity</li> <li>6. Variable remuneration attributed to new staff members hired as a result of early termination of previous employment contracts must be aligned with the long-term interests of the Bank. This includes the implementation of rules in employment contracts regarding performance, retention, deferral, and revocation of said remuneration</li> </ol>
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<sup>1</sup> Includes members of the Corporate Bodies and staff engaged in Control Functions

Control Functions	<ol style="list-style-type: none"> <li>1. The variable remuneration pool for staff engaged in Control Functions will be determined by the Board of Directors in accordance with the achievement of the objectives linked to their functions</li> <li>2. The variable remuneration for staff engaged in Control Functions may not represent more than 50% of the fixed remuneration</li> </ol>
Members of the Corporate Bodies	<ol style="list-style-type: none"> <li>1. The variable remuneration pool for Executive Members of the Board of Directors will be determined by the Shareholder based on an overall performance assessment of the Bank in the appraised year</li> </ol>

## 7. RULES FOR DEFERRING PAYMENT OF VARIABLE REMUNERATION

- Variable remuneration deferral rules are applicable to *Identified Staff* and other employees whose remuneration places them at the same remuneration level as *Identified Staff* employees;
- At least 50% of the variable remuneration component will be deferred over a 3-year period;
- This percentage should be increased to 60% when the amount of variable remuneration represents more than 100% of the fixed remuneration;
- The deferred payments shall be made in three instalments, according to the following scheme:

	Timeframe <sup>(1)</sup>	Payment Calculation
Upfront Payment	Award year (n)	<i>Total awarded Variable Remuneration</i> × 50%
Payment of Deferred Components	n+1	<i>(Total awarded Variable Remuneration – Upfront Payment)</i> × 40%
	n+2	<i>(Total awarded Variable Remuneration – Upfront Payment)</i> × 30%
	n+3	<i>(Total awarded Variable Remuneration – Upfront Payment)</i> × 30%

<sup>(1)</sup> A minimum timeframe of 12 months should be observed between each of the payments above

## 8. REVOCATION OF DEFERRED COMPONENTS

### 8.1. Overview

- a. Any variable remuneration payment which has been revoked is considered irreversibly cancelled;
- b. The right of revocation is assessed each calendar year and applies to the deferred component of the variable remuneration on that specific year in analysis.

### 8.2. Revocation on Employee's Own Initiative

1	The <i>Identified Staff</i> member voluntarily leaves the Bank
2	The executive member of the Board of Directors voluntarily terminates his or her mandate before the end of respective term
3	Under the circumstance that a staff member of Haitong Bank Group is seconded or transferred to another Haitong Group entity, this event is not consider as revocation on employee's own initiative

### 8.3. Revocation Due to Other Reasons

#### 8.3.1 Collective Events

- a. Under the circumstance that the payment of the deferred variable remuneration triggers the breach of certain regulatory capital and liquidity ratios, then the shareholder has the right to completely revoke such payment in that given year;
- b. The regulatory capital and liquidity ratios are: Total Capital Ratio, Common Equity Tier 1 ratio (CET1), Liquidity Coverage ratio (LCR) and Net Stable Funding ratio (NSFR).

#### 8.3.2 Individual Events

- a. With robust disciplinary investigation, the Board of the Directors has the right to completely revoke the deferred variable remuneration if a certain employee breaches Haitong Bank's Code of Conduct or the following events:

1	Evidence of misconduct or serious error by the relevant <i>Identified Staff</i> member
2	The <i>Identified Staff</i> member was responsible for a significant downturn in the financial performance of his business unit

3	The <i>Identified Staff</i> member was responsible for a significant failure of risk management
4	Any regulatory sanctions where the conduct of the <i>Identified Staff</i> member contributed to the sanction
5	The <i>Identified Staff</i> concerned ceased to comply with suitability criteria (for executive member of the Board of Directors)
6	The <i>Identified Staff</i> leaves the Bank through dismissal with due cause
7	The executive member of the Board of Directors concerned was suspended of office for reasons attributable to the executive member

## 9. ARCHIVE

- a. The Compliance Department maintains an archive in digital format of this Policy. This digital archive is maintained in the Compliance Department's shared folder "Comply".

## 10. ENFORCEMENT

- a. The Compliance Department monitors compliance with this Policy by undertaking ad-hoc monitoring actions;
- b. The Compliance Department publishes this Policy in the Bank's intranet and website, in coordination with the Administrative Department.

## 11. CONTROL OF VERSIONS

**Table 1: Information about the Document**

Name of the Document	Remuneration Policy of Haitong Bank S.A.
Version	Version 2.0
Prepared by (Name/Department)	Human Resources
Appreciated on (Committee name)	Remunerations Committee
Approved by (Committee name)	Shareholder Meeting

**Table 2: Versions' update**

<b><i>Update and Approval Date</i></b>	<b><i>Main Changes</i></b>
<b>Version 1.0 approved by Shareholder Meeting on 26/07/2021</b>	New Policy – repeals Policies no 23 and 30.
<b>Version 2.0 approved by Shareholder Meeting on 29/04/2022</b>	Inclusion of some EBA guidelines suggestions Other minor changes in the context of <i>Continuous Improvement</i> , suggested by Internal Audit