



# HAITONG

**Policy No. COM01.P06**

**Policy on the Selection and Assessment of Management and Supervisory  
Body Members and Key Function Holders  
of Haitong Bank, S.A.**

Approved by the Shareholder  
on 28 of December, 2023

## TABLE OF CONTENTS

<b>1. OBJECTIVE</b>	<b>3</b>
<b>3. RECIPIENTS</b>	<b>3</b>
<b>4. RESPONSIBILITY AND MONITORING</b>	<b>3</b>
<b>5. PRINCIPLES</b>	<b>3</b>
<b>6. SCOPE AND COMPETENCIES FOR APPLICATION</b>	<b>4</b>
2. COLLECTIVE SUITABILITY OF THE MANAGEMENT AND SUPERVISORY BODIES	4
MULTIVALENCE	4
3. INDIVIDUAL SUITABILITY OF THE MANAGEMENT AND SUPERVISORY BODY MEMBERS	6
4. SELECTION AND ASSESSMENT PROCESS	8
5. INDIVIDUAL SUITABILITY OF KEY FUNCTION HOLDERS	11
6. SELECTION AND ASSESSMENT PROCESS OF KEY FUNCTION HOLDERS	11
7. CONTINUOUS TRAINING PLAN FOR MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND KEY FUNCTION HOLDERS	13
8. DIVERSITY POLICY	14
<b>7. DISCLOSURE</b>	<b>15</b>
<b>8. ARCHIVE</b>	<b>15</b>
<b>9. CONTROL OF VERSIONS</b>	<b>15</b>

## 1. OBJECTIVE

This Haitong Bank, S.A. (the “Bank”) policy on the selection and assessment of management and supervisory body members and key function holders (the “**Policy**”).

## 2. LEGAL FRAMEWORK

This Policy aims at complying with the provisions of article 30-A/2 of the Legal Framework of Credit Institutions and Financial Companies (hereinafter “RGICSF”), Notice no. 3/2020 of Bank of Portugal and other EBA Guidelines applicable from time to time and at ensuring that the Bank adopts the highest national and international standards of governance of credit institutions.

## 3. RECIPIENTS

- a. This Policy applies to members of the management and supervisory bodies, regardless of the internal governance model in place, and to the key function holders of the Bank, its branches and representative office.

## 4. RESPONSIBILITY AND MONITORING

- a. This Policy was prepared by the Compliance Department.
- b. The Corporate Governance Committee (CGC) shall revise this Policy on a regular basis, submitting its recommendations for improvement to the management body.
- c. Upon reception of any recommendations from the CGC, the management body shall approve the recommendations made by the CGC, or it shall provide adequate reasons for its refusal, identifying alternative solutions, in case it has detected any defect or the Policy was found to be out of date in relation to the relevant law, or to EBA's, the Bank of Portugal's or the Securities Commission's recommendations.
- d. The Policy shall also be subject to prior assessment by the supervisory body before being submitted for final approval to the Bank's shareholder.
- e. The Compliance Department is responsible for monitoring compliance with the Policy and reporting it to the CGC.

## 5. PRINCIPLES

Pursuant to the RGICSF, the Bank is required to approve an internal policy on the selection and assessment of management and supervisory body members and key function holders.

This Policy aims at ensuring the suitability of the members of the corporate bodies and key function holders, not just at the beginning of their duties but also throughout their term of office. In this context, suitability refers to the ability of members of ensuring, at all times, a sound and prudent management of the financial institution, viewing, in particular, the safeguarding of the financial system and the interests of respective clients, depositors, investors

and other creditors. To this end, the said officers must comply with the requirements of fit and proper, professional qualification, independence and availability.

This Policy establishes the following: i) identification of the persons responsible for assessing the suitability of the Bank's officers; ii) assessment of adopted procedures; iii) suitability requirements; iv) diversity requirements; v) rules on the prevention, reporting and remedying of conflicts of interest; and vi) professional training means made available.

## 6. SCOPE AND COMPETENCIES FOR APPLICATION

1.1. This Policy shall apply to the selection and assessment of:

- 1.1.1. Members of the management body;
- 1.1.2. Members of the supervisory body; and
- 1.1.3. Key function holders.

1.2. For the purposes of the previous paragraph, “**key function holders**” shall mean:

- 1.2.1. The heads of the internal control functions;
- 1.2.2. The branch managers;
- 1.2.3. The Data Protection Officer;
- 1.2.4. Any other members of staff as decided by the Corporate Governance Committee (“CGC”).

1.3. For the purposes of this Policy, “**officers**” shall mean all persons referred to in the previous paragraphs.

## 2. COLLECTIVE SUITABILITY OF THE MANAGEMENT AND SUPERVISORY BODIES

### Multivalence

2.1 The Bank’s management and supervisory bodies shall be composed of members who will collectively ensure sound and prudent management and supervision of the Bank.

2.2 The collective composition of the management and supervisory bodies shall ensure that the decision-making process will not be controlled by one individual or small group of individuals, to the detriment of the interests of the Bank as a whole.

2.3 In particular, the management and supervisory bodies shall be composed of members who will collectively ensure the following:

- 2.3.1 Definition, approval, implementation and supervision of the **strategic objectives** of the Bank;
  - 2.3.2 Understanding, definition, implementation, management and supervision of a **robust risk-taking strategy and culture** for the Bank;
  - 2.3.3 Definition, approval, implementation and monitoring of the **internal governance structure** of the Bank;
  - 2.3.4 Understanding and decision-making on the **global business** and the **operations** developed by the Bank, in all their complexity, as well as respective supervision;
  - 2.3.5 Understanding, implementation and monitoring of the control processes relating to **capital adequacy rules, liquidity management and contingency plans** of the Bank;
  - 2.3.6 Knowledge, critical analysis, monitoring and adaptation of the **structure of the group** in which the Bank is included, in order to enable integrated risk management and supervision, as well as an accurate and timely flow of information.
- 2.4 For the purposes described above, the management and supervisory bodies shall be composed of members who will collectively gather the knowledge, skills and experience in the following areas of banking and financial activities, including but not limited to:
- 2.4.1 The definition and implementation of medium and long-term business and strategic plans;
  - 2.4.2 Banking and financial operations;
  - 2.4.3 Financial, foreign exchange and commodities markets;
  - 2.4.4 Securities, derivative financial instruments and structured products;
  - 2.4.5 Financial Analysis;
  - 2.4.6 Accounting policies;
  - 2.4.7 Financial audit and operational control;
  - 2.4.8 Capital requirements and liquidity management;
  - 2.4.9 Risk analysis and management;
  - 2.4.10 Remuneration policies;
  - 2.4.11 Internal and external disclosure of information;
  - 2.4.12 Legal and regulatory framework;
  - 2.4.13 Governance systems.

### ***Availability***

- 2.5** The management and supervisory bodies shall be composed of a sufficient number of members to ensure the commitment required for the performance of their management and supervisory duties, taking into account the strategic and risk profile of the Bank, its size and the complexity of its business.

### ***Diversity***

- 2.6** In the selection and assessment of the members of the management and supervisory bodies and key function holders, the Bank shall actively promote the diversity of qualifications and skills required of Officers for the performance of their duties.
- 2.7** Although the Bank advocates the diversity of skills, geography and generations, it will give priority to gender diversity to the extent that it is underrepresented within the Bank's corporate bodies, as provided in the Diversity Policy described in Point 8 herein below.
- 2.8** Gender diversity in corporate bodies is seen as an instrument to make the most efficient use of the Bank's human resources, increase the independence of its Officers and foster equal opportunities and a socially responsible behaviour at the Bank.

## **3. INDIVIDUAL SUITABILITY OF THE MANAGEMENT AND SUPERVISORY BODY MEMBERS**

Without prejudice to the General Meeting's final say in the election of the management and supervisory bodies, the CGC shall be responsible for assessing new members and for their ongoing, individual and collective assessment, under the terms of article 30-A/1 of the RGICSF.

### ***Fit and Proper***

- 3.2** Any member of the management and supervisory bodies shall be deemed fit and proper if nothing in his/her personal or professional conduct is likely to raise any reasonable doubts as to his/her suitability to ensure a sound and prudent management of the Bank.
- 3.3** The assessment of Fit and proper shall take into account how the candidate manages his/her personal and professional businesses, or exercises his/her trade, particularly those aspects revealing his/her suitability to decide, in a consistent and judicious way, or his/her ability to timely comply with his/her obligations or to show compatible behaviors for the preservation of market confidence, taking into consideration all circumstances permitting to assess the professional behaviour for the functions concerned.

- 3.4** The initial and ongoing analysis of Fit and proper of a candidate or member of the management and supervisory bodies shall take into account any pertinent data available for such an assessment, independently of the legal framework relating to the said data in each jurisdiction concerned, and independently of where the facts or respective effects occurred.
- 3.5** The assessment of Fit and proper as provided in the foregoing paragraphs shall take into consideration without limitation the following elements:
- 3.5.1** Any criminal or relevant administrative records;
  - 3.5.2** Specific aggravating or mitigating circumstances or other which may condition the judgment of the fact or event attributed to the assessed individual;
  - 3.5.3** Any type of incident, irrespective of its seriousness, which given its context or repeated nature may give rise to material doubts about the suitability of the assessed individual.
- 3.6** The assessment of Fit and proper as provided in the previous paragraphs shall also take into consideration:
- 3.6.1** The circumstances and situations specified in numbers 3, 5 and 6 of article 30-D of the RGICSF, as amended from time to time, and any other similar provisions that may supersede, amend, or complement such legal rules.
  - 3.6.2** Factors specified in EBA guidelines on the assessment of the suitability of members of the management and supervisory bodies and key function holders (“EBA Guidelines”), as amended from time to time, and similar recommendations that may supersede, amend, or complement the EBA Guidelines.

### ***Experience***

- 3.7** Members of the management and supervisory bodies shall have sufficient experience to enable him/her to perform such duties, taking into account the underlying responsibility of such duties, the size and complexity of the Bank, and the need of a sound and prudent management in order to safeguard the financial system and the interests of clients, depositors, investors and remaining stakeholders.
- 3.8.** A member of the management and supervisory body shall be considered to have gained the required experience in his/her previous positions - namely in terms of length of service, the scope of competencies, decision-making powers, and responsibilities (official and material) and performance level - if he/she is capable of understanding the operation and business of the Bank, the challenges that it faces, the

complexity of the operations in which it is involved, the risks to which the Bank is exposed, and of making a critical analysis of decisions made.

The assessment of the experience of a candidate or a member of the management and supervisory bodies shall take into consideration, among others, the criteria provided in the EBA Guidelines.

### ***Availability***

**3.9.** Members of the management and supervisory bodies shall commit sufficient time to the performance of their duties, taking into account the size of the Bank and the complexity of its business.

**3.10.** In case a member of the management and supervisory bodies adds his/her position at the Bank to other management and supervisory positions in other entities, he/she shall, on an annual basis, provide an estimate of the number of hours per week he/she intends to commit to the performance of his/her functions at the Bank, as well as to the performance of any other functions he/she may hold, and state the reasons why he/she believes that he/she will nevertheless remain suitably available.

**3.11.** The duties specified in Point 3.10 shall exist even in the cases provided in paragraphs 4 and 6 of article 33 of the RGICSF.

## **4. SELECTION AND ASSESSMENT PROCESS**

### ***Initial assessment of the individual suitability and selection***

**4.1.** The initial assessment of the individual suitability of a member of the management and supervisory bodies shall be made prior to his/her selection and approval by the General Meeting or election by the respective body.

**4.2.** The management body shall engage its best efforts to proactively identify new members for the management and supervisory bodies, and timely prepare any succession process, without prejudice to the competencies of shareholders and the General Meeting in this regard.

**4.3.** The inclusion of candidates in lists to be submitted to vote at the General Meeting, and the introduction of candidates shall be preceded by an initial assessment process, which will culminate in the disclosure of an Initial Assessment Report.

**4.4.** The Bank shall use its best efforts to amend its bylaws, regulations and other regulatory documents and adopt practices so that the inclusion of candidates in lists to be submitted to the vote of shareholders at



the General Meeting or the introduction of candidates by the management body will be mandatorily preceded by the Selection and Assessment Process referred to herein.

- 4.5.** The CGC shall be responsible for the initial assessment of the suitability of the members of the management and supervisory bodies and the disclosure of the respective Initial Assessment Report.
- 4.6.** As soon as a suitable candidate for the management and supervisory bodies is identified, the CGC shall take active steps to collect relevant information to initially assess his/her suitability, with the elements referred to in the Questionnaire attached to the Bank of Portugal Instruction no. 23/2018. The Questionnaire must be filled in by the candidate and by the CGC.
- 4.7.** The CGC – as well as the management body – may hire external entities to assist them in outlining the candidates' profile, the selection of methods to identify them and the initial assessment and selection. The management body shall provide the CGC with the human, technical and financial resources that may be reasonably required to ensure that the selection and assessment process by the Bank is conducted in accordance with the highest quality, strictness, comparability, transparency and compliance standards in line with national and international standards.
- 4.8.** The Initial Assessment Report on suitability, prepared and presented by the CGC under the terms of the previous paragraphs shall necessarily contain, at least, an independent and substantiated analysis of the following:
- 4.8.1.** Experience
  - 4.8.2.** Independence of mind
  - 4.8.3.** Knowledge and skills
  - 4.8.4.** Fit and proper
  - 4.8.5.** Availability
  - 4.8.6.** Suitability of the candidate – taking into account the elements described in 4.8.1. to 4.8.5. – to the functions he/she will perform in the management and supervisory body
  - 4.8.7.** Three preferential areas for the acquisition, retention and broadening of knowledge and skills, taking into consideration the personal need of the candidate concerned, the needs of the Bank and innovation trends in the banking and financial area.
- 4.9.** The information deemed relevant for the initial assessment of the candidate's suitability shall necessarily be accompanied by supporting documents.
- 4.10.** Upon conclusion of the Initial Assessment Report the CGC shall communicate the results to the shareholder who have identified and suggested the candidate, as well as to the management body.

- 4.11.** In case the Initial Assessment Report finds that the candidate is unsuitable, respective proponents may opt to withdraw the application or submit it to the appraisal of the Bank of Portugal, under the terms of article 30-B/3 of the RGICSF. In the last case, the candidate can only be proposed by shareholders or the management body following the assessment of their respective suitability by the Bank of Portugal, and this entity's authorisation for the performance of functions, under the terms of articles 30-B/4 and 30-A/6 of the RGICSF.
- 4.12.** In case the candidate is included in a list submitted for approval of the General Meeting, the CGC shall submit the Initial Assessment Report to the Chairman of the General Meeting of the Bank, who shall be responsible for disclosing it to shareholders, within the scope of the preparatory information for the general meeting, as well as for informing shareholders on the suitability requirements of the persons to be elected, as provided in this Policy.

### ***Ongoing assessment of the individual and collective suitability***

- 4.13** An independent ongoing assessment of the general conduct and values of the management body and of the management body's committees (i.e. Risk Committee, Remuneration Committee and Corporate Governance Committee) shall be regularly performed by an external entity.
- 4.14** An independent ongoing assessment of the general conduct and values of the supervisory body shall be regularly performed by an external entity.
- 4.15** The CGC is responsible for the ongoing assessment of the individual suitability of members of the management and supervisory bodies, which shall occur (i) on an annual basis and/or (ii) whenever new facts or events that came to the knowledge of the CGC or the management and supervisory bodies determine the need for a suitability reassessment. This ongoing individual assessment may be supported by the assessment foreseen in paragraph 4.13, and shall include the following points:
- a)** A summary of the elements contained in the Individual Assessment Report referred to in Point 4.8;
  - b)** A description of any changes occurred in the meantime concerning the elements contained in the Individual Assessment Report referred to in Point 4.8;
  - c)** Suitability of the time committed to the performance of the functions, in individual terms;
  - d)** Compliance with annual objectives in terms of acquisition, retention and broadening of knowledge and skills;
  - e)** Objectives in terms of acquisition, retention and broadening of knowledge and skills fixed for the following year, under the terms of Point 7.6.

- 4.16** The members of the management and supervisory bodies have the duty to promptly inform the Bank, through the Chairman of the CGC, on any fact arising after the appointment which may alter the information in the Questionnaire referred to in Point 4.6 or which alters or may reasonably alter the assessment of his/her individual ability, fit and proper, experience, skills and knowledge, availability or suitability to the functions to be performed.
- 4.17** The CGC is responsible for the ongoing assessment of the collective suitability of members of management and supervisory bodies, which shall occur on an annual basis. This ongoing assessment of the collective suitability may be supported by the assessment foreseen in paragraph 4.13 and shall cover the following points:
- a) Structure, size, composition and performance of management;
  - b) Suitability of the time committed to the performance of the functions;
  - c) Compliance with the diversity objectives specified in Point 8;
  - d) Suitability of the skills, knowledge and experience, in cumulative terms, taking into account the Bank's business;
  - e) Compliance with annual objectives in terms of acquisition, retention and broadening of knowledge and skills;
  - f) The three preferential areas for the acquisition, retention and broadening of knowledge and skills for the following year;
  - g) Eventual changes' recommendation.

## **5. INDIVIDUAL SUITABILITY OF KEY FUNCTION HOLDERS**

- 5.1** Requirements in terms of fit and proper, experience and availability specified in Point 3 shall apply *mutatis mutandis* to key function holders.

## **6. SELECTION AND ASSESSMENT PROCESS OF KEY FUNCTION HOLDERS**

### ***Initial assessment of the individual suitability and selection***

- 6.1.** The initial assessment of the individual suitability of key function holders shall precede their appointment. The appointment of a key function holder shall be made by management body unless urgency requires appointment by the Executive Committee, when it exists (subject to ratification by the management body).

- 6.2.** The management body shall proactively use its best efforts to identify potential candidates for key functions, and timely prepare the respective succession process.
  
- 6.3.** As soon as a suitable candidate for a key function position is identified, the CGC shall take active steps to collect relevant information to initially assess his/her suitability, comprising at the least the elements referred to in the Questionnaire attached to Instruction no. 23/2018.
  
- 6.4.** The information deemed relevant for the initial assessment of the candidate's suitability shall necessarily be accompanied by supporting documents.
  
- 6.5.** Provisions in Point 4.8 shall apply *mutatis mutandis* to the Initial Assessment Report on the suitability of key function holders to be submitted by the CGC to the management body.
  
- 6.6.** In case the management body wishes to hire a candidate for a key function who was not deemed suitable by the CGC, the hiring decision and respective rationale shall be recorded in the meeting minutes of the said corporate body.
  
- 6.7.** The rationale referred to in Point 6.6 shall cover on a separate basis - at least - the reasons considered relevant by the CGC in the Assessment Report judging on the unsuitability.
  
- 6.8.** According to article 17, 4) of Notice no. 3/2020, the decision to replace a control function holder must be taken by the management body and requires a prior binding opinion from the supervisory body and a report on the suitability of said holder should be prepared, under the terms of articles 30-A of the RGICSF.

## **7. CONTINUOUS TRAINING PLAN FOR MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND KEY FUNCTION HOLDERS**

**7.1.** The Bank shall commit the necessary resources and time to ensure the acquisition, retention and broadening of the knowledge and skills required for a suitable performance of the functions assigned to the management and supervisory bodies and key function holders.

### ***Continuous training of the management and supervisory bodies***

**7.2.** The Report referred to in Point 4.8.6. shall specify at least three preferential areas for the acquisition, retention and broadening of the knowledge and skills of the management and supervisory bodies, collectively, taking into account the needs of the Bank and innovation trends in the banking and financial area.

**7.3.** Preferential areas shall be reviewed on an annual basis.

**7.4.** Compliance with these objectives shall be assessed in the Annual Ongoing Assessment Report of the following year.

### ***Continuous training of Management and Supervisory Body and Key Function Holders***

**7.5.** During the initial assessment and selection processes of the members of the management and supervisory bodies and key function holders as described in 4 and 6 hereinabove, three preferential areas shall be identified in relation to each member of the management and supervisory bodies and each key function holder for the acquisition, retention and broadening of knowledge and skills, taking into account the personal need of the manager concerned, the Bank's needs and innovation trends in the banking and financial area.

**7.6.** During the ongoing assessment processes of the members of the management and supervisory bodies and holders of key functions, as described in Points 4 and 6 hereinabove:

**7.6.1.** The courses, seminars, training programmes and other means of acquisition, retention and broadening of knowledge and skills attended over the year by the members of the management and supervisory bodies and key function holder shall be identified;

**7.6.1.1.** The suitability of the means identified with the preferential areas determined in the initial assessment process and subsequent revisions will be particularly relevant to this effect;

**7.6.2.** The means of acquisition, retention and broadening of knowledge and skills to be attended in the forthcoming year by the members of the management and supervisory bodies and key function holders shall be outlined;

**7.6.3.** The preferential areas fixed in the initial assessment and selection process shall be reviewed, taking into account the knowledge and skills acquired in the meantime and the needs of the Bank, as well as innovation trends in the banking and financial areas.

**7.7.** The Bank may hire one or more external entities to assist in the identification, selection and assessment of means viewing the acquisition, retention and broadening of knowledge and skills for the management and supervisory bodies' members and key function holders.

## **8. DIVERSITY POLICY**

### ***Diversity in management functions***

**8.1.** Aside from promoting the diversity of qualifications and skills, Haitong Bank establishes as its objective the increase of the number of people from the sub-represented gender group, ensuring, at least, the maintenance of 30% of women in the global set of members of:

**8.1.1.** The management body

**8.1.2.** The supervisory body

**8.1.3.** Overall key function positions.

**8.2.** To achieve the objective referred to above the Bank shall follow the plan further detailed in 8.3. and 8.4. below.

### ***Identification and selection***

**8.3.** In the context of the identification and selection of suitable candidates, to replace the members referred to in 8.1. above, the Bank shall aim to identify candidates that help achieve the gender diversity target referred to above.

**8.4.** For that effect, the Bank shall leverage on the Human Resources annual assessment exercise and on the Succession Policy, which has in place positive measures to identify suitable candidates that allow the increase of the number of people from the sub-represented gender group.

### ***Meritocracy and non-discrimination***

**8.5.** The Bank's remuneration policy is based on a principle of acknowledgment of merit and the responsibilities associated with each function; the Bank's remuneration policy is against wage and career progressing discrimination on the basis of gender.

### ***Active parenthood***

8.6. Besides complying with the labour law with regard to the protection of parenthood, the Bank fosters a balanced reconciliation of private and professional life and parenthood.

### ***Officers' follow-up programmes***

8.7. With a view to follow-up the implementation of this Policy in relation to gender diversity, and as further laid down in the Bank's Succession Policy, the Bank shall reinforce training in relation to the candidates that allow the increase of the number of people from the sub-represented gender group.

## **7. DISCLOSURE**

- a. This Policy should be made available on the Bank's intranet and website and any updates thereto should be duly communicated by e-mail to all the Bank's employees.

## **8. ARCHIVE**

- a. This Policy is subject to the general archiving rules laid down in the ADM12.PM220 – Archive Management Procedure.”

## **9. CONTROL OF VERSIONS**

**Table 1: Information about the Document**

Name of the Document	Policy on the Selection and Assessment of Management and Supervisory Body and Key Function Holders of Haitong Bank, S.A.
Version	Version 5.0
Prepared by (Name/Department)	Compliance Department
Endorsed by (Committee name)	Corporate Governance Committee (04.07.2023), Supervisory Body (29.06.2023) and Board of Directors (29.08.2023)
Approved by (Committee name)	<b>Shareholder meeting</b>

**Table 2: Versions' update**

Update and Approval Date	Main Changes
Version 1.0 – Approved by General Meeting on August 17, 2017	Original Version
Version 2.0 – Approved by General Meeting on December 28, 2018	Clarification regarding Key Function Holders Assessment and Selection
Version 3.0 – Approved by General Meeting on February 12, 2020	Clarification regarding Supervisory Board Specific Characteristics of its Assessment and Individual and Collective suitability process supported by an external entity. Other minor updates
Version 4.0 – Approved by General Meeting on April 30, 2021	Clarification regarding the ongoing assessment of the Board of Directors and Board Committees regularly performed made by an external entity. Other minor updates
Version 4.1 – Approved by Shareholder on 29 of April, 2022	Integration on new Templates according to Regulation No. 25; Clarification regarding the ongoing assessment of the Key Function Holders. Other minor updates
Version 4.2 – Approved by Shareholder on 25 of April, 2023	Clarification regarding Key Function Holders and their initial assessment. Other minor updates
Version 5.0 – Approved by Shareholder on 28 of December, 2023	Annual Update; Inclusion of the Paris Rep. Office on Item Point 2.; Clarification regarding Diversity Policy aspects; Other minor improvements