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BANCO
CARREGOSA

Code of Conduct

August-2022

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Code of Conduct

Board of Directors

I. Versions Index

Date	Version	Description
Nov.2008	1.0	Creation of document.
May.2017	2.0	Document update. Integration of document in the Bank's new documentation structure. Greater detail in the conduct obligation.
Jun.2019	3.0	Document update Uniformity of style; Include strengthening of prevention, anti-discrimination and harassment at work policies; Include the sustainability principle; Add a reference to the Regulation on the Reporting of Irregularities.
May.2021	4.0	Recast the document's structure; Better articulation with other documents of the Banco Carregosa Code regarding Risk Management and Rules of Conduct; Greater detail in describing acceptable and unacceptable behaviour; Detailed references to the disciplinary, administrative and criminal consequences that may result from non-compliance with the Code of Conduct and the internal regulations that develop and implement it.
Feb.2022	5.0	Remove the requirement for the head of the structure unit to provide information under derogation from the duty of secrecy; Add G.1 Prevention of mis-selling.
Aug.2022	5.1	Adapt the document to the Bank's new template. Update the referred legislation. Add F.12 Prevention of Corruption and Related Offences.

II. Properties

Proprietorship

Board of Directors

Proponent

Executive Committee

Contributors

Supervisory Committee and Compliance Department

Approval

Board of Directors, on 30 August 2022

Banco Carregosa Code

Policy Rules | 2.01

Entry into Effect

30 August 2022

Scope of Disclosure

General

III. Legislative Sources and Reference Documents

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

1.07 – Organisation and Internal Governance.

1.15 – Remuneration Policy for Members of Management and Supervisory Bodies.

1.16 - Employee Remuneration Policy.

1.29 – Global Risk management Policy.

1.30 – Regulation of the Risk Management and Compliance Functions.

1.31 – Regulation of the Internal Audit Function.

2.02 – Policy on the use of Technological Resources.

2.03 – Personal Transactions Policy.

2.04 – Conflict of Interest Policy.

2.05 – Client Asset Safeguard Policy.

2.06 – Policy on the Execution and Transmission of Orders.

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

2.08 – Incident Management Policy.

2.09 – Policy on the Reporting of Irregularities.

2.10 – Product and Service Management Policy.

2.11 – Employee Data Protection Policy.

2.12 – Information Security Policy.

2.13 – Policy on the Principles and Rules of Conduct applicable to the Prevention and Combat against Discrimination and Harassment at Work.

4.03.09 - Procedure for Recording and Storage of Telephone Calls and Electronic Communications.

Banco de Portugal Notice 3/2020, of 15 July, regulating internal governance and control systems and defining the minimum standards on which the organisational entities subject to Banco de Portugal supervision must be based.

Banco de Portugal Circular Letter 006/2008/DSB, of 24 January, providing information about the procedures to be adopted regarding complaints made in the Complaints Book: documents to be submitted and deadlines to be met by the institutions.

Banco de Portugal Circular Letter 025/2008/DSB, of 26 March, defining a number of procedures to be followed by Credit Institutions and Financial Companies when considering complaints sent to Banco de Portugal against these institutions.

Banco de Portugal Circular Letter CC/2016/00000072, of 12 September (measures to mitigate risks associated to the mis-selling of savings and investment products).

Portuguese Securities Code, approved by Decree-Law No. 486/99, of 13 November.

Portuguese Labour Code, approved by Law 7/2009, of 12 February.

Decree-law No. 109-E/2021, of 9 December, establishing the general scheme for the prevention of corruption.

Law No. 83/2017, of 18 August, which sets out the measures to combat money laundering and terrorism financing.

EBA guidelines on internal governance (EBA/GL/2021/05) published by Banco de Portugal in Circular Letter CC/2021/00000057.

Legal Framework for Credit Institutions and Financial Companies, approved by Decree-Law No. 298/92, of 31 December.

Legal Framework for Collective Investment Undertakings approved by Law No. 16/2015, of 24 February.

Legal Framework for Venture Capital, Social Entrepreneurship and Specialised Investment, approved by Law No. 18/2015, of 4 March.

Regulation (EU) No. 596/2014, of the European Parliament and of the Council of 16 April 2014, on market abuse (market abuse regulation).

Commission Delegated Regulation (EU) No. 2017/565, of 25 April 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014, on markets in financial instruments.

IV. Definitions, Abbreviations, and Acronyms

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

Client(s): any natural or legal person who has or may have a business relation with Banco Carregosa, from which it benefits or may benefit from the services provided by the Bank.

Code: this Code of Conduct.

BoD: Board of Directors.

EC: Executive Committee.

SC: Supervisory Committee.

GC: General Conditions.

SC: Specific Conditions.

Employees: Members of the management and supervisory bodies, key function holders and any of its employees, whether or not integrated into its internal organisation, including tied agents, delegates or promoters and trainees, as well as subcontracted entities, exercising or supervising activities or operational functions essential to the provision of services on a continuous basis with quality and efficiently.

CRAV: Remuneration and Assessment Committee.

CVM: Portuguese Securities Code.

IAD: Internal Audit Department.

CD: Compliance Department.

LD: Legal Department.

PCD: People and Culture Department.

EBA: European Banking Authority.

ESMA: European Securities and Markets Authority/Financial Instruments.

ICF: Internal Control Functions.

Mis-selling: Selling a product or service to a person for whom it is not suitable.

MOAF: Member or members of the management Body or the Supervisory Body.

Related Parties: Entities that, due to their relationship with the Bank, have the potential to influence its decisions, and as such must be identified and are subject to special rules on the execution of operations, pursuant to the Conflict of Interest Policy.

MAR: Regulation (EU) No. 596/2014, also known as "Market Abuse Regulation".

RGICSF: Legal Framework of Credit Institutions and Financial Companies.

RGOIC: Legal Framework of Collective Investment Undertakings.

RJGRESIE: Legal Framework for Venture Capital, Social Entrepreneurship and Specialised Investment.

CS: Corporate Secretariat.

KFH: Key Function Holder, as defined in document 1.02 – Internal Policy for the Selection and Assessment of the Suitability of the Members of the Management and Supervisory Bodies and Key Function Holders.

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A. Competences

1. The BoD is responsible for approving this Policy, having consulted the CD and the SC.
2. The BoD shall ensure that the Code of Conduct is subject to periodic review, to be carried out at least every two years and whenever changes in legislation and regulations so justify.
3. The CD shall assess the conformity and completeness of the Code, at least every two years, and submit the results of its analysis to the BoD and the SC.
4. The BoD shall hire, at least every three years, an external entity to conduct an analysis of the conduct and values of the institution, which shall also include the conduct and values of the management body itself and its supporting bodies.
5. The SC shall promote, also every three years, periodic and independent assessments of the conduct and values thereof, articulated with the assessments foreseen in the preceding paragraphs.

B. Purpose, Objective Scope and Subjective Scope

6. The Code of Conduct establishes the principles and rules of conduct that govern the various aspects of the Bank's relations with clients, specifying the legal and regulatory standards to which the Bank is bound, namely, but not limited to, those provided for in III | Legislative Sources and Reference Documents.
7. The Code of Conduct covers standards of conduct to be complied with by employees in the exercise of their functions, both internally and in their relations with clients, considering general or common rules and specific rules applicable to each of these areas, without prejudice to the overriding legal and regulatory standards.
8. The documents mentioned in this Code, regarding Policies or other rules approved by the Bank are an integral part of this Code of Conduct, for the purpose of assessment of compliance or non-compliance by employees.
9. The Code of Conduct considers that the Bank performs banking activity and financial intermediation activity,, established in national law, respectively, by the RGICSF and its regulations and by the CVM and its regulations, normative instruments, essentially derived from the transposition of European Union Directives and complemented by European Union Regulations - the latter of direct application.
10. As the Bank is subject to compliance with standards of a prudential and behavioural nature, this Code aims, in particular, at detailing this latter dimension, without prejudice to the organisational structure's obligation to contribute to appropriate behaviour by employees and the fact that employee's attitudes must be consistent with the levels of risk tolerance defined by the Bank.
11. In addition to the management and supervisory bodies, the obligation to comply with the rules established in this Code includes KFH and their employees, whether or not integrated into its internal organisation, including tied agents, delegates or promoters and trainees, as well as subcontracted entities, exercising or supervising activities or operational functions essential to the provision of services on a continuous basis with quality and efficiently, all of which are identified herein, unless expressly provided for otherwise, as employees.
12. The principles and values underlying this Code shall be taken into account when drawing up the Codes of Conduct of the Bank's subsidiaries.

C. Employee Knowledge and Compliance

13. All employees must have express knowledge of the essential principles and rules of conduct regarding the Bank's activities and the specific rules and procedures applicable to the exercise of their functions, as well as the contractual conditions applicable by the Bank in banking and financial intermediation operations provided to its current or potential clients. Employees are required to be familiar with such knowledge prior to exercising their functions, which must be updated through training sessions provided by the Bank.
14. In particular, with regard to the members of the management bodies, as well as persons exercising managerial, administrative, leadership or similar duties, such persons recognise their legal and corporate duty to perform their functions diligently and prudently, in accordance with the principle of risk-spreading and security of financial investments and taking into account the interest of the financial system, depositors, investors, other creditors and all clients in general.
15. The Code of Conduct is disclosed on the website of Banco Carregosa and is available for consultation, on request, at the Bank's registered office and at any branch or agency of the Bank.
16. The internal disclosure of the Code and of the regulations that complement it, namely those mentioned in III | Legislative Sources and Reference Documents, shall be carried out directly by the PCD and by making them available in the Bank's document management tool.

D. Organisational Structure for Enforcing the Rules of Conduct

17. The organisation of Banco Carregosa aims at developing the activity in compliance with high levels of technical competence, based on human and material resources sufficient and adequate to ensure appropriate conditions of quality and efficiency, particularly taking into account the legitimate interests of its clients and the essential values of safeguarding and credibility and efficiency of banking operations and financial intermediation performed by the Bank.
18. The document 1.07 – Organisation and Internal Governance, establishing the principles on which the Internal Governance and its Internal Control System is structured, is approved and updated by the Bank.
19. Without prejudice to this Code, specifically regarding the ICF, their performance is regulated by documents 1.30 – Regulation of the Risk Management and Compliance Functions and 1.31 – Regulation of the Internal Audit Function.
20. The organisational structure established aims at ensuring:
 - i. The efficient and profitable conduct of business, ensuring the effective allocation of resources, business continuity, and the sustainability of the Bank, through the management and control of risks, the prudent assessment of assets and liabilities, as well as the implementation of mechanisms to prevent unauthorised, intentional or negligent actions;
 - ii. Reliable and complete financial data to support decision-making;
 - iii. Compliance with the applicable legal and regulatory requirements, including those relating to the prevention of money laundering and terrorist financing, as well as professional and deontological rules, internal and statutory rules, rules of conduct, specifically those concerning relations with clients, guidelines of the governing bodies, and EBA and ESMA recommendations, in order to protect the Bank's reputation and ensure compliance with legal and complementary rules and good banking practice.

E. Adoption of behaviours Consistent with Levels of Risk Tolerance

21. The performance of each employee's functions must take into account the levels of risk tolerance defined by the Bank in the policies approved, regarding the assumption of management of business risk, namely those defined in the document 1.29 – Global risk Management Policy and in other regulations laying down the principles therein, adopting the appropriate behaviour to ensure compliance with the limits defined in such policies.

F. Compliant and Unacceptable Behaviour

F.1. Guide to decision-making

22. When faced with an ethical conflict, employees should try to answer the following questions concerning the decision to be taken:
- i. Is it legal?
 - ii. Does it comply with the required internal procedures?
 - iii. Is the decision in line with the Bank's long-term goals and objectives?
 - iv. Does it safeguard both the internal and external relationship values?
 - v. Would you be comfortable with my decision being disclosed publically?
23. The employee should not proceed with the decision if the answer to any of these questions is "no" or "maybe" or "I don't know".
24. If the employee answers any of the questions with "maybe" or "I don't know", they should seek clarification with the CD, and only continue if these interactions do not result in a negative response to any of the questions in paragraph 2.

F.2. Secrecy and Data Protection

25. Bank employees may not disclose or use information on facts or elements concerning the life of the institution or its relations with its clients to which they may have had access to exclusively in the course of their duties or provision of services.
26. The duty of secrecy shall not cease with the termination of functions or services.
27. The names of clients, deposit accounts and account activity, and other banking operations are subject to secrecy.
28. The duty of secrecy shall also apply among the Bank's employees. Client information must not be disclosed to employees whose functions do not require it, including the fact that any individual or entity is a Banco Carregosa client.
29. To ensure compliance with the duty of secrecy, the Bank has in place mechanisms on the access and use of the aforementioned information, as described in the document 2.12 – Information Security Policy.
30. The Bank drafts and keeps the document 2.11 – Employee Data Protection Policy up to date, and has in place mechanisms that allow it to fully comply with the legal and regulatory rules on the protection of personal data of third parties with whom it maintains a business relationship.

31. The Bank imposes a duty of confidentiality to employees who have access to the personal data of any person with whom the Bank has an internal or external relation, the applicable principles of which are disclosed on Banco Carregosa's web page.
32. The facts of elements concerning the client's relation with the Bank may be disclosed:
 - i. With permission from the client to the Bank, to whomever the client so indicates;
 - ii. The following authorities, within their field of competence:
 - a. Banco de Portugal;
 - b. The Portuguese Securities and Market Commission;
 - c. Insurance and Occupational Pensions Supervisor Authority;
 - d. Deposit Guarantee Fund;
 - e. Investor Compensation Scheme and Resolution Fund;
 - f. Judicial authorities, in the framework of criminal proceedings;
 - g. Parliamentary committees of enquiry of the Assembly of the Republic, to the extent strictly necessary to fulfil their object, which specifically includes the investigation or examination of the actions of the authorities responsible for the supervision of credit institutions or legislation relating to such supervision;
 - h. Tax and Customs Authority.
33. In compliance with the applicable legal and regulatory requirements, Banco Carregosa cooperates with the various authorities, providing the information requested in a rigorous, clear and timely manner, within the scope of the legal exceptions to the duty of secrecy.
34. The assessment of the compliance of the requests referred to in the preceding paragraph with the invoked derogations from the duty of secrecy, as well as the assessment of powers of attorney shall be carried out by the CD and the LD.

F.3. Prevention of Money Laundering and Terrorism Financing

35. The Bank adopts the best practices with regard to compliance with legal and regulatory requirements on preventing and combating money laundering and terrorism financing, has implemented internal policies which, in accordance with the law, enable the detection and reporting of any potential money laundering and terrorism financing, keeping document 2.07 – Policy on the Prevention of Money Laundering and Terrorism Financing updated for this purpose.
36. The Bank acknowledges, in accordance with the law, the sanctions imposed by the United Nations Security Council or by EU regulations that restrict the establishment or maintenance of financial trade relations with the States, entities and individuals involved in such relations.
37. Without prejudice to the obligation of all employees to act in full compliance with the provisions of the document referred to in paragraph 35, the following obligations of employees are of note:
 - i. Not to disclose, in any way, to the client or to third parties that reporting is being considered or has been made to the judicial authorities, as well as the existence of an ongoing investigation process;
 - ii. Ensure the preservation of all documents relating to the implementation of the duties of prevention of money laundering and terrorism financing;
 - iii. To attend and pass the training activities established in the training plan developed by the PCD in articulation with the CD;

- iv. Report, in accordance with the Policy on the Prevention of Money Laundering and Terrorism Financing, any suspicions they have about a client or their transactions.
38. Breach of any of the duties identified in the previous paragraph is classed as unacceptable behaviour.

F.4. Inside Information

39. Inside Information shall be taken to mean the information of a precise nature that has not been made public and relates, directly or indirectly, to one or more issuers or securities or other financial instruments and which, if made public, would be likely to have a significant effect on the price of such instruments. Inside information may also mean information of a precise nature concerning pending orders in transferable securities or other financial instruments transmitted by clients of financial intermediaries, which has not been made public and relates, directly or indirectly, to issuers or financial instruments and which, if made public, would be likely to have a significant effect on their price or on the price of related derivative financial instruments.
40. As regards derivatives on commodities, inside information shall mean information of a precise nature which has not been made public and relates, directly or indirectly, to one or more such derivatives or relates directly to the spot commodity market related thereto and which, if made public, would be likely to have a significant effect on the prices of those derivatives or spot commodity contracts, and is information which should normally be, or must normally be, disclosed in accordance with legal or regulatory provisions at Union or national levels, market rules, contracts, practices or customs on the relevant commodity derivatives markets or spot markets.
41. Employees are prohibited from making use, even after termination of their employment, of any inside information obtained in the course of their duties at the Bank.
42. Except where such information has already been made public, under no circumstance may employees take, for themselves or for a third party related thereto, any advantage resulting from inside information gained in carrying out their task.
43. The disclosure of information to clients of the Bank with whom the employee maintains, in the exercise of its duties, close or recurrent relations, even if the information is intended to serve their best interests, constitutes a breach of the prohibition to unlawfully use inside information. This also includes sharing such information outside the Bank in an informal setting among friends and even within the family, even if the degree of intimacy is high.
44. As part of the procedures in force at the Bank, employees are required to set on record that they accept access to inside information, and the Bank shall keep a list of employees with recurrent or one-off access to such information. Any behaviour that hinders the Bank's obligation to keep such records shall be considered unacceptable behaviour.
45. The Bank has approved document 2.03 – Personal Transactions Policy, which sets out the employees' obligation to refrain from making transactions and to report them, in particular for ensuring that no inside information is used. Acting in contravention of the provisions of this document shall be considered unacceptable behaviour.
46. Breach of the prohibition to unlawfully use inside information, depending on the circumstances of the particular case, shall constitute a misdemeanour or an insider trading crime.

F.5. Essential Rules Governing the Performance of Duties

47. Employees must act in accordance with the principles of loyalty, independence, impartiality and transparency, and also in accordance with good market practices.

48. Employees with management functions must act with the diligence of a judicious and orderly manager, using their availability, technical competence and knowledge of the business to achieve and defend the interests of the Bank and its clients.
49. In the performance of their duties, employees shall always seek to fully fulfil the legitimate interests of clients, with a view to fostering stable relations.
50. The Bank employs the utmost suitability, rigour, impartiality and absolute transparency in its processes, and shall refrain from adopting behaviours that affects the credibility, good name and reputation of its clients, the Bank itself and any market in which it operates.
51. In interacting with all those involved in banking and financial intermediation activities, employees shall observe the precepts of good faith, in accordance with high standards of diligence, loyalty and transparency, including, inter alia:
- i. Employees shall remain unbiased and impartial in the performance of their duties and in their relations with other employees, irrespective of the hierarchical position, and also in their relations with clients or any third parties;
 - ii. Employees should not carry out or encourage their clients to carry out repeated purchase and sales transactions of financial instruments when such transactions are not justified nor have the sole or main objective of collecting the corresponding commissions or any other purpose outside the clients' interests;
 - iii. Employees shall take the appropriate measures within their reach to thwart any actions of which they are aware aiming at manipulating supply, demand or prices in the financial instrument markets, any practices that evidence insider dealing, any acts through which a financial intermediary unlawfully takes advantage of a dominant position in the market, and of any other serious irregularities provided for in the Portuguese Securities Code and other application regulations, informing their superiors thereof without delay.
52. Any behaviour which is not in line with the principles set out in the preceding paragraphs, or which contributes to concealing its violation, by the employee or by third parties, shall be considered unacceptable.

F.6. Conflicts of Interest, Transactions with Related Parties, and Personal Transactions

53. In the performance of their duties, employees must comply with the provisions of document 2.04 - Conflict of Interest Policy, noting in particular that:
- i. The Bank shall identify potential conflicts of interest in its dealings with clients, providing them with fair and transparent treatment and prioritising their interests;
 - ii. Employees may not interfere in the process of assessing and deciding on operations or in the acquisition of goods and services where conflicts of interest are likely to occur;
 - iii. Employees shall report any potential or actual conflicts of interest, pursuant to the Policy.
54. Where it is impossible to resolve the conflicts of interest with clients, the latter shall be duly and timely informed thereof, pursuant to the respective Policy.
55. In accordance with document 2.04 - Conflict of Interest Policy, rules have been defined for assessing and executing transactions with related parties.
56. The Bank has approved a document called 2.03 - Personal Transactions Policy, which governs the actions of employees on their own behalf or on behalf of persons or entities associated with them.

57. Breach of the rules set out in the preceding paragraphs, as well as attempts to conceal such breaches, shall be considered unacceptable behaviour.

F.7. Activities carried out in addition to those required by the Bank

58. The Bank's employees shall respect the legal and contractual limitations on accumulation of functions in other financial and non-financial entities.
59. The MOAF shall ensure compliance with the minimum periods of availability set out in document 1.02 – Internal Policy for the Selection and Assessment of the Suitability of Members of the Management and Supervisory Bodies and Key Function Holders, which also defines the rules of accumulation of functions by KFH.
60. With regard to MOAFs, Banco de Portugal may object to members of management or supervisory bodies of credit institutions carrying out management or supervisory functions in other entities if it considers that such accumulation of functions is likely to affect the performance of tasks already undertaken by the person concerned, namely because there is serious risk of conflicts of interest or because this could result in the lack of availability for exercising office, under the terms laid down by law or regulations.
61. Employee involvement in political parties or associations shall be carried out in a personal capacity. Employees shall clearly distance themselves from the functions they hold at the Bank, omitting that such relation exists and, should it be raised or identified, state their disassociation therefrom and never use information to which they have knowledge as a result of their functions at the Bank in the performance of such activities.

F.8. Donations, Gifts, and Benefits

62. Document 2.04 – Conflicts of Interest Policy shall govern the acceptance or gifting of any donations, gifts or benefits by employees.

F.9. Contacts with the Media and other External Entities

63. Unless authorised in advance by the department Director, employees are prohibited from making any public statements that may involve, even indirectly, the Bank.
64. The provisions of the preceding paragraph shall not apply to employees whose duties require, due to their nature, the provision of such statements.

F.10. Duties of Courtesy and Proper Use of Resources

65. Employees shall strive at all times to uphold the good name of the Bank in their relations with any employees and current or potential clients, conducting themselves with the utmost courtesy so as to enable a suitable relationship and complying with a strict duty of respect.
66. Employees shall use the Bank's premises and the resources necessary for the performance of their duties with care and in a manner limited to that performance, in particular by ensuring that their actions do not jeopardise the conservation of resources or their cleanliness, and avoiding noises that may jeopardise the conditions under which other employees carry out their tasks.
67. Given that technological resources are essential, in particular IT resources, the Bank has approved document 2.02 – Policy on the Use of Technological Resources.

F.11. Non-Discrimination and Combat against Harassment at Work

68. As regards the personal status of employees in the performance of their duties, Banco Carregosa has defined the principles and rules of conduct for employees on the prevention and combat against discrimination and harassment at work, constituting, in accordance with the provisions of Article 127(1)(k) of the Labour Code, a self-regulatory instrument, laying down an active policy to prevent, and where this cannot be prevented, to identify, known, eliminate and punish any behaviour that may constitute harassment at work.
69. The Bank adopts an active policy of to prevent, and where this cannot be prevented, to identify, known, eliminate and punish any behaviour that may constitute harassment at work.
70. In this context, the Bank has approved document 2.13 – Policy on the Principles and Rules of Conduct applicable to the Prevention and Combat against Discrimination and Harassment at Work.

F.12. Prevention of Corruption and Related Offences

71. The crimes of corruption, receiving and offering undue advantage, embezzlement, economic participation in business, extortion, abuse of power, maladministration, and exercise of improper influence, money laundering or fraud in obtaining a subsidy, grant or credit are considered corruption or related offence. To prevent such crimes, the Bank, pursuant to Article 7 of Decree-law no. 109-E/2021 has set out principles, values and rules of conduct for all employees and senior management members.
72. The Bank shall adopt a Plan for the Prevention of Corruption and Related Offences by 31 October 2022 which shall include:
- i. The identification, analysis and classification of risks and situations that may expose the entity to acts of corruption and related offences, including those associated with the exercise of duties by the members of the management and supervisory bodies, considering the reality of the sector and the geographic areas in which the Bank operates;
 - ii. Preventive and corrective measures to reduce the likelihood of such risks and situations occurring and the impact thereof.
73. In case of non-compliance with the rules contained in the previously mentioned Plan, disciplinary sanctions shall apply, in accordance with H.1 | Disciplinary Liability, without prejudice to the legal responsibilities that may be applicable.

G. Relations with Clients

G.1. Prevention of mis-selling

74. The Bank has established a number of mitigation procedures regarding the risk of mis-selling, namely:
- i. Ensuring, pursuant to document 1.02 – Internal Policy for the Selection and Assessment of the Suitability of Members of the Management and Supervisory Bodies and Key Function Holders, that the members of its management body are capable of assessing the products and services made available by the Bank, including with regard to the risk of inappropriate marketing, and that the weighting of potential conduct risks is considered for the purposes of defining the commercial strategy and business model;
 - ii. Promoting training actions to make the whole structure aware of the mechanisms to promote the adequate availability of products and services;

- iii. Ensuring that the monitoring of marketing activities meets risk criteria and involves the ICF, as established in the document 2.10 – Product and Service Management Policy;
- iv. Establishing mechanisms for analysing complaints, as described in G.7 | Complaint Handling;
- v. Creating conditions for the CD and the IAD to monitor compliance with the duties of information and processing granted to clients, in particular through the means described in 4.03.09 - Procedure for Recording and Storage of Telephone Calls and Electronic Communications.
- vi. Implementing tools for reporting and monitoring irregularities, pursuant to document 2.09 – Policy on the Reporting of Irregularities;
- vii. Ensuring that the provisions of documents 1.15 – Remuneration Policy for Members of Management and Supervisory Bodies and 1.16 - Employee Remuneration Policy do not encourage improper trading practices, contributing instead to minimising these risks;
- viii. Periodically monitoring remuneration practices, in particular by ensuring that the ICF and the PCD pay special attention to guaranteed bonuses/commissions and to particularly relevant incentives;
- ix. Periodically verifying the alignment of remuneration policies and practices with the long-term objectives of the institution, whether in terms of the marketing of savings and investment products, or the granting of loans, or any other activity that the Bank carries out and which may present material risks of mis-selling.

G.2. Duty to Inform

- 75. All employees, in accordance with the duties assigned to them, shall provide clients with any information that may be required, in connection with the services or operations provided or to be provided, with due regard for the limits resulting from the duty to treat clients equitably and with professional secrecy.
- 76. Employees shall inform the clients about the risks they may incur in connection of the investments or transactions they wish to make, by giving them the appropriate clarifications, in particular regarding the markets and the products traded therein, as well as the general conditions of the transactions.
- 77. The support given by employees to clients in need thereof shall be selfless, suitable and objective, particularly if the client requests it or because they lack experience in or knowledge of the products marketed by the Bank and the services it provides.

G.3. Conclusion of Contracts in General

- 78. As part of the banking and financial intermediation operations, Banco Carregosa is obliged to comply with pre-contractual, contractual and legal duties relating to the investment operations and services it provides to clients, which are expressly enshrined in the contracts entered into between Banco Carregosa and the client, whether under the "General Conditions for Opening an Account" (in short, GC), or under the "Particular Conditions" (in short, PC), applicable to certain applications or investments or services.
- 79. The Bank has established policies and procedures that allow it to know the client and their profile, in terms of compliance with legal duties not to carry out or advise on transactions that are not appropriate for the client's profile, without prejudice to the client's express and informed statement, preventing potential conflicts arising from inappropriate transactions.
- 80. GC and PC must be known by all employees, in particular those who have dealings with current or potential clients, either face-to-face or through remote communication channels. Employees shall also

seek to obtain the necessary information about the client in order to carry out operations appropriate to the client's profile.

81. The contracts concluded between the Bank and its clients contain all the necessary information and are written in a clear and concise manner, so as to ensure the transparency of the conditions for providing the corresponding services to the, in accordance with the legal and regulatory provisions on the content of such contracts. Notwithstanding, the client shall have the right to request any clarification they may consider necessary, either from the Bank or from any specialised professionals they may seek advice from, especially when the specific characteristics of the operations or services, due to their complexity, amounts or risk involved, as well as the tax scheme applicable to their specific situation so require.
82. The Bank shall, at all times, clarify any doubts of clients, so as to provide clear information about:
- i. The remuneration offered by the Bank for the funds received;
 - ii. The features of the products and services offered, whether investment in financial investments in general, including simple or structured bank deposits, or in financial instruments;
 - iii. The price of the services provided and other charges to be borne by clients, namely for deposit of funds or financial instruments, loans and management of clients' assets.

G.4. Products and Services

G.4.1. Products and Services in General

83. The products and services provided by the Bank are designed to ensure full compliance with applicable legal and regulatory provisions, always keeping in mind the relationship between the potential value creation for clients and their risk appetite.
84. The Bank shall ensure that the employees responsible for selling products and services have the technical knowledge necessary to fully inform clients of the costs and risks involved in the operations.
85. The Bank has approved a document called 2.10 – Product and Service Management Policy, which details the actions to be taken in the design and marketing of products, including the approval process and the operational procedures.

G.4.2. Loans

86. Without prejudice to the information included in the GC and PC and the documents attached to them, the Bank shall provide the client, prior to the execution of a loan agreement, directly or through entities contracted for intermediation, with adequate information, on paper or on another durable medium, about the conditions and total cost of the loan, their obligations and the risks associated with default; these obligations shall apply to any companies intermediating the granting of loans by the Bank.
87. This information must be provided to the client in the pre-contractual phase and must include the characteristic elements of the products proposed, namely the respective annual percentage rate of charge, indicated through representative examples, with a view to ensuring transparency and comparability of the products offered.

G.4.3. Investment Services in Financial Instruments

88. To the extent necessary for carrying out its obligations in providing the service, the Bank shall inquire with the client about their knowledge and experience with regard to the specific type of financial

instrument or service offered by the Bank or requested by the client and, if applicable, about their financial situation and investment objectives.

89. The Bank is legally obliged to collect information on the client in order to assess the suitability of the operations and investment services in financial information requested by the client or presented by the Bank, and the Bank, in the case of lack or insufficiency of some key items of information, is inhibited from providing the service or executing the operation in question.

G.5. Periodic Statements

90. The client has the right to receive information on the assets in their cash or financial instrument accounts, in accordance with the legal requirements and the terms contained in the contracted GC or PC.
91. The client is also entitled to receive from the Bank every year in January an invoice-receipt, free of charge, listing all commissions and expenses associated with the demand deposit account incurred in the previous calendar year by the account holder. The invoice-receipt is a summary statement of all commissions and expenses associated with each demand deposit account, without prejudice to the invoicing and tax statements required under the tax legislation.
92. The Bank shall issue an annual statement of the costs incurred by the client in providing services and investment products.

G.6. Clients' Assets

93. Under current legislation, the Bank has put in place mechanisms that allow it to ensure the effective segregation of its clients' assets, always ensuring the protection of assets under its management or custody.
94. In all its acts and in accounting and operating records, the Bank has in place a mechanism to distinguish the assets belonging to the Bank and those belonging to each of its clients, and adopts all appropriate measures to safeguard clients' rights over such assets, keeping adequate records and accounts to ensure proper segregation and identification.
95. Any insolvency proceedings, company recovery or reorganisation of the Bank shall not affect the acts carried out by the Bank on behalf of its clients, pursuant to the law applicable to the specific case in question.
96. The Bank has approved a document called 2.05 – Client Asset Safeguard Policy.

G.7. Client Complaints

97. The Bank views its clients' contributions as opportunities for continuous improvement of the services provided, and has the means for the timely, transparent and impartial handling of complaints.
98. The Bank has internal mechanisms and procedures in place for the receipt and assessment of complaints, set out in the document 2.08 – Incident Management Policy.

H. Legal and Disciplinary Consequences

99. The breach by the Bank's employees of the principles and rules of conduct – legal, regulatory and internal – constitutes a breach of the employee's duties, which may lead the Bank to institute any disciplinary proceedings to determine the facts and, if justified, to apply the corresponding disciplinary sanctions. The disciplinary procedure is without prejudice to other legal effects, such as disqualification

from exercising functions and possible civil, misdemeanour or criminal liability, generating obligations for the offender, whether in the form of compensation and fines, or criminal penalties (e.g. fine and imprisonment) and, additionally, accessory penalties, including the loss of economic benefit obtained by the offender.

100. Where an offence is committed through the violation of a duty, the application of sanctions shall not exempt the offender from fulfilling the duty, should this still be possible.

H.1. Disciplinary Liability

101. CRAV shall have the power to assess any violation or non-compliance by a MOAF and to decide on the consequences thereof, without prejudice to the General Meeting's exclusive competence to decide on dismissal.
102. The BoD and the SC are responsible for assessing situations of non-compliance by those in charge of ICF, as well as for deciding on the consequences thereof.
103. The EC shall have the power to assess any employee non-compliance and to decide on the consequences thereof.
104. The EC shall define the appropriate rules and procedures for the implementation of the provisions of the preceding paragraph, and shall observe the mandatory legal rules and regulations in this respect and applicable in each individual case.
105. In assessing non-compliance under paragraphs 101 to 104, decision-makers may seek the assistance of the PCD, the CD and the LD, as well as of external legal advisors.
106. In any event, the measures to be taken shall take into account the particular circumstances surrounding this reprehensible conduct, in particular concerning the level of fault, the measures taken to bring them to an end, the speed with which such measures were taken, the spontaneous communication of the situation in question or the lack thereof, prior reprehensible conducts by the employee, and any other potentially relevant elements.

H.2. Misdemeanour Liability

107. The Bank's potential liability does not exclude the individual liability of its employees, and the individual liability shall not be precluded by the fact that the legal type of offence requires certain personal elements and these are only found in the Bank or in one of the agents involved, nor by the fact that, if the agent is required to act in its interest, the employee has acted in the Bank's interest.
108. The holders of administration or management positions are also liable, although such liability may be mitigated when, even if they are not directly responsible the structural unit where the offence was committed and their liability is based solely on the fact that, being aware of or ought to have been aware of the offence, they did not immediately take measures to put an end to it.
109. Attempt and negligence shall always be punishable.
110. The violation by natural persons of the rules and duties of conduct provided for in the RGICSF or in diploma supplements which refer to sanctions scheme, as well as the non-compliance with specific determinations issued by Banco de Portugal to ensure the compliance thereof and the breach of the duty to inform shall be punished with a fine between €3 000.00 to €1 500 000.00, and €10 000.00 to €5 000 000.00 in the case of very serious offences.
111. Under the CVM, the breach of the rules of conduct regarding investment services in financial instruments constitutes an administrative offence punishable with a fine. In particular, the use or

transmission of inside information (except if such fact also constitutes a crime), shall be punishable with a fine between €25 000.00 and €5 000 000.

112. The administrative offences set out in the RGOIC and in the RJGRESIE are subject to fines between €12 500.00 (minimum limit for serious administrative offences) and €5 000 000.00 (maximum limit for very serious administrative offences).
113. Under the legal framework to combat money laundering and terrorism financing, a fine between €25 000.00 and €5 000 000.00 shall apply, if the offender is a natural person, the limit being increased owing to the amount of economic benefit resulting from the offence.

H.3. Criminal Liability

H.3.1. Violation of the Prohibition to Use or Disclose Information

114. The law provides for a penalty of imprisonment of up to 5 years or a fine for anyone who possesses inside information due to their position as a member of the administrative, management or supervisory body of an issuer or as holder of a stake in the capital, or due to the work or service they provide, on a permanent or one-off basis, to an issuer or other entity; or, due to the profession or public function they perform; or, in any way obtained by means of an unlawful act or which presupposes the practice of an unlawful act and passes it on to someone outside the normal course of their duties or, on the basis of such information, trades or advises anyone to trade in securities or other financial instruments or arranges their subscription, acquisition, sale or exchange, directly or indirectly, for themselves or for another person.
115. In addition, whoever, under the circumstances set out above, possesses inside information and, based on such information, orders or advises someone to order, directly or indirectly, for themselves or for another person, the modification or cancellation of an order, shall be punished with a prison sentence of up to 5 years or with a fine.
116. Any other person who, being aware of inside information, discloses it to another person, or, on the basis of such information, trades or advises anyone to trade in securities or other financial instruments, or orders their subscription, acquisition, sale, exchange or modification or cancellation, directly or indirectly, for themselves or for another person, shall be punished with a prison sentence of up to 4 years or a maximum fine of up to 240 days.
117. Within the legal framework for combating money laundering and terrorism financing, the unlawful disclosure to clients or third parties of the information, communications, analyses or any other elements provided for, as well as the disclosure or encouragement of the discovery of the identity of the person who provided the information, documents or elements, shall be punished with a prison sentence of up to three years or with a fine, in the case of natural persons.

H.3.2. Crime of Disobedience

118. Anyone who refuses to comply with lawful orders or mandates issued by the Banco de Portugal, the CMVM or the authorities with legal powers within the scope of their functions to combat money laundering and terrorism financing, or by any means hinders their execution, shall incur the penalty provided for the crime of qualified disobedience. Anyone who fails to comply with, hinders or defrauds the enforcement of ancillary sanctions or precautionary measures imposed in administrative offence proceedings incurs the same penalty.

H.4. Impediment to Exercising Functions. Ineligibility

119. The suitability of the members of the management and supervisory bodies of credit institutions, as well as those responsible for ICF and other functions that may be considered as such by the credit institution or defined by regulation by Banco de Portugal, shall be subject to assessment regarding the exercise of functions and throughout their term of office, and shall, among others, meet the requirements of good repute and professional qualification, the lack of which shall be grounds for refusal of authorisation to exercise functions. Violations of the rules of professional conduct shall be taken into account in the assessment of suitability.

