

SUMMARY

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

1 | INTRODUCTION

The purpose of this document is to comply with the transparency obligations enshrined in the above-mentioned Regulation, by providing information on the terms under which Banco BPI (hereinafter "Banco BPI" or the "Bank"):

- integrates the consideration of sustainability risks into its decision-making process with respect to (i) the investment recommendations it makes in the context of its investment advisory activity and (ii) the investment decisions for portfolios it manages under portfolio management contracts (Article 3 of the Regulation);
- takes into account the main adverse impacts of investment recommendations and decisions on sustainability factors (Article 4 of the Regulation)
- integrates and reflects in its remuneration policies sustainability risks (article 5 of the Regulation). integra a consideração dos riscos em matéria de sustentabilidade no seu processo de tomada de decisões com respeito (i) às recomendações de investimento que realiza no quadro da atividade de consultoria para investimento e (ii) às decisões de investimento para carteiras por si geridas no quadro de contratos de gestão de carteira (artigo 3.º do Regulamento);

2 | GENERAL ASPECTS – SUSTAINABILITY FACTORS

2.1 Good governance

Banco BPI respects the principles and rules of corporate governance and internal control generally accepted as constituting the body of rules of good governance, i.e., in addition to those sourced from the law, those enshrined in recommendations by the authorities (Guidelines on internal governance by the EBA-European Banking Authority, EBA/GL/2017/11), or those enshrined in recommendatory instruments from another source, such as the Governance Code of the IPCG-Instituto Português de Corporate Governance.

2.2 Environment

Despite the fact that its principal activity of marketing banking products and services has a reduced environmental impact, Banco BPI is aware of its responsibility in the environmental domain, which resides in the management of the resources necessary to maintain the functioning of its infrastructures and in the analysis of potential environmental and social risks associated with project financing.

Banco BPI recognises that its activity must be pursued in an environmentally sustainable manner, respecting society, the environment and the available resources. For this purpose, and as envisaged in Banco BPI's Code of Business Conduct and Ethics, it adopts internal policies conducive to a rational, efficient and sustained use of resources, namely, with regard to paper, water and energy consumption and the recycling of surpluses and waste.

In this context, the Bank has been implementing various initiatives aimed at reducing energy consumption and paper consumption, which, for each financial year, are described in the respective non-financial

statements. This commitment is extended to all its Employees and is also a concern in the selection of its Partners and Service Providers, having increased the percentage of the Bank's purchasing volume represented by ISO14001 certified suppliers. Added to all this is Banco BPI's concern in having on offer credit line products and services which promote energy efficiency and support various renewable energy investment projects.

2.3 Social

Banco BPI has in place human rights principles through which it affirms its commitment and concern with respect for international instruments in force in this field. Banco BPI pursues a policy of scrupulous respect for what is applicable in employment matters.

At the same time, Banco BPI interprets its social responsibility as the institution's set of duties towards the community of which it is a part and towards the specific interest groups which depend on its activity: Customers, Shareholders, Employees and Investors.

This social responsibility is exercised in multiple dimensions, namely, with regard to the promotion of the quality of the service it provides, the policy of enhancing the value of its human resources, the Bank's insertion in the life of the community and support for its social solidarity, culture, education, science, health, research and entrepreneurship initiatives. The initiatives which Banco BPI undertakes each year in these fields are described in the Bank's non-financial statements.

3 | ACHIEVEMENTS IN TERMS OF INTEGRATING SUSTAINABILITY RISKS INTO INVESTMENT RECOMMENDATIONS AND DECISIONS

Bearing in mind the framework referred to above, and with specific regard to the investment recommendations and decisions which it formulates within the ambit of its investment consultancy and portfolio management activities, Banco BPI gives preference to products, namely investment fund units, issued by entities which have declared their commitment to the United Nations Principles for Responsible Investment - PRI and in respect of which a complete due diligence is carried out, updated annually, which includes the entire SRI-Socially Responsible Investment policy and the implication and exclusion policies. Additionally, an analysis is made at the level of each fund, which is more demanding for funds designated as sustainable.

In the future, and to the extent that products with these characteristics come to exist on the market, the fact that the requirements envisaged in article 8 or article 9 of the Regulation are fulfilled in relation to a product will constitute a factor of preference in the investment recommendations and decisions which Banco BPI formulates within the ambit of its investment consultancy and portfolio management activities.

Additionally, exclusion criteria are and will continue to be applied to funds and other financial instruments which invest in specific sectors or activities (controversial weapons, tar sands, coal, amongst others). In this context, Banco BPI will monitor the behaviour and evolution of the funds and other financial instruments which make up the universe analysed by it for the taking of decisions relating to the investment consultancy and portfolio management service, with a view to the application of the aforesaid exclusions or other types of limitations, in accordance with the defined sustainability policies.

Banco BPI will evaluate the possible repercussions of the sustainability risks on the profitability of the financial products, having as its priority objective the generation of value and the obtaining of profitability for its Customers. Should the Bank observe a deterioration or potential deterioration in the sustainability factors of any of the metrics which could cause a significant fall in the products' profitability, it will consider and propose, within the scope of its investment consultancy and portfolio management activities, investment alternatives.

4 | ACHIEVEMENT WITH REGARD TO NEGATIVE IMPACTS FOR SUSTAINABILITY

In an integrated manner with the line of action described in point 2 above, Banco BPI will take into consideration, to the extent that its determination is available, the negative impacts on sustainability associated with the financial instruments which are the object of the investment recommendations and decisions which it formulates within the scope of its investment consultancy and portfolio management activities.

5 | ACHIEVEMENTS WITH REGARD TO REMUNERATION POLICY

Banco BPI's remuneration policy (i) incorporates a set of good governance rules, in the sense that it enshrines provisions designed to ensure an alignment of its managers with sound and prudent management of the Institution and which takes into consideration the interests of all its stakeholders, (ii) which does not constitute an incentive to take risks at levels greater than those tolerated by Banco BPI and avoids creating or contributing to creating situations of conflict of interest, and (iii) through these rules and alignment, contributes to the Company's sustainability.

Among these rules, the following stand out:

- the principle that the remuneration policy is designed to promote behaviour that ensures the generation of long-term value and sustainability of results over time. In this sense, the variable remuneration takes into account not only the achievement of objectives, but also the way in which they are reached.
- The fixed components are the predominant part of the general remuneration conditions, where, in general, the variable remuneration concept tends to be conservative because of its potential role as a risk generator.
- The promotion system is based on the assessment of the skills, performance, commitment and professional qualifications of Employees on a constant basis over time.
- The remuneration policy is structured taking into account the context of Banco BPI's situation and results, and mainly includes a fixed remuneration based on the Employee's level of responsibility and career, which constitutes a significant part of his total compensation and, when so decided a variable remuneration or incentives linked to the achievement of pre-established objectives and to prudent risk management, which may not be awarded in exceptional cases, namely, if its award limits Banco BPI's capacity to strengthen its own funds base, where, in any case, its award will always take into consideration all types of current and future risks;
- The variable remuneration is subject to limits defined according to its percentage in relation to the fixed remuneration; the variable remuneration is made up of cash and financial instruments (CaixaBank shares) and its payment is deferred for periods which, depending on the case, vary between 3 and 5 years.
- In addition to deferral, the remuneration policy provides for rules on the retention of financial instruments for a period of one year after they are made available.
- The remuneration policy also provides for rules for the reduction and reversal of the variable remuneration, namely in cases of Banco BPI's poor financial performance.

- The remuneration policy determines that its beneficiaries commit themselves not to use any risk hedging mechanism tending to attenuate or neutralise the effects of alignment with the risk inherent to the remuneration modalities, and ensures that Banco BPI will not pay the variable component of the remuneration through the intermediary of instrumental entities or other methods with equivalent effect. A política de remuneração determina que os seus beneficiários assumam o compromisso de não utilizarem qualquer mecanismo de cobertura de risco tendente a atenuar ou neutralizar os efeitos de alinhamento pelo risco inerentes às modalidades de remuneração e assegura que o Banco BPI não procederá ao pagamento da componente variável da remuneração por intermédio de entidades instrumentais ou outros métodos com efeito equivalente.

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