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## 1 | INTRODUCTION

### 1.1 Background

- For Banco BPI, S.A. (hereinafter "BPI" or "the Entity") to comply with the client protection objectives described in section 4 "General principles of protection of financial instruments belonging to clients", of this document, established by means of legislation/regulation, both on a national and European level, BPI has established the Policy on Safeguarding of Financial Instruments (hereinafter "the Policy"), which is detailed below.
- The purpose of this Policy is to establish the principles underlying the Safeguarding of Client Assets, in the context of financial intermediation activities, in alignment with Caixabank, while respecting BPI's own specific characteristics.

### 1.2 Scope

- Entities providing investment services should take appropriate measures to safeguard the property rights of clients, especially in cases of insolvency of the Entity, and regulate, when appropriate and in compliance with the applicable legislation, the use, for their own account, of financial instruments belonging to clients.
- In line with BPI's concerns regarding the protection of its clients and the safeguarding of their assets, a Policy has been defined. In accordance with Article 306-G of the Securities Code, a person is designated to be responsible for safeguarding assets belonging to clients - a function which is assigned to the head of the Operations Department, who has sufficient competence and authority to perform the functions effectively and seamlessly. The exercise of its functions entails, among others, the obligation to periodically inform the management and supervisory bodies, through communications made to the Transparency Committee, a body that reports directly to the Executive Committee of the Board of Directors (ECBD), on the supervision and its effectiveness, regarding compliance with the requirements to safeguard assets belonging to clients.

### 1.3 Objective

- This Policy aims to collect the principles and assumptions that regulate the general principles of protection of financial instruments belonging to clients.
- The contents of this Policy include:
  - General principles governing the distinction between own assets and assets belonging to clients, as well as mechanisms for reconciling accounts, safeguarding money from clients, or the possible use of their financial instruments.
  - Governance Framework.
  - Control Framework.
  - Information and Reporting.
  - Policy Update.

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## 2 | SCOPE OF APPLICATION

- This Policy is considered an individual policy of BPI.

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## 3 | REGULATORY FRAMEWORK. REGULATION AND APPLICABLE LAW

- This Policy shall be subject to the applicable regulations in force, as amended from time to time. As of today, the regulations in force applicable to BPI are the following:
  - Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014, on markets in financial instruments (MiFID II).
  - Commission Delegated Directive (EU) 2017/593 of April 7, 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards the protection of financial instruments and client funds.
  - Commission Delegated Regulation (EU) 2017/565 of April 25, 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 concepts for the purposes of that Directive.
  - Directive 2013/36/EU of the European Parliament and of the Council of June 26, 2013, on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.
  - Decree-Law 486/99, of November 13, as amended (Securities Code), namely Articles 306 to 306-G and 312/1/g).
  - Decree-Law No. 298/92, of December 31, as amended (General Regime of Credit Institutions and Financial Companies).

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## 4 | GENERAL PRINCIPLES OF PROTECTION OF FINANCIAL INSTRUMENTS BELONGING TO CLIENTS

- As established by the applicable regulations detailed above, entities providing investment services shall take appropriate measures to safeguard the ownership rights of Customers, especially in cases of insolvency of the Entity, and regulate, when appropriate and in compliance with the provisions of the applicable legislation, the use of financial instruments belonging to clients for their own account.

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## 5 | MANAGEMENT MODEL FOR SAFEGUARDING FINANCIAL INSTRUMENTS

### 5.1 Distinction between own assets and client assets

- BPI has established a structure of registration and deposit accounts that enables it to differentiate its own financial instruments from financial instruments belonging to clients and, within these, to always identify the assets held by each of them.
- On the domestic market, BPI, in accordance with the regulations in force, maintains the following account structure:
  - BPI's own portfolio account.
  - BPI client accounts opened with the Central Securities Depository (INTERBOLSA / Euronext Securities Porto), as a participating entity.
- On the International Markets, BPI resorts to the following entities for the custody and settlement of financial instruments representing capital and debt, as well as investment fund units:
  - EUROCLEAR BANK.
  - BNP PARIBAS.
  - CITIBANK.
  - CLEARSTREAM.
  - ALLFUNDS BANK INTERNATIONAL.
  - FUNDSETTLE and
  - CECABANK.
- In addition to these entities, BPI also uses BANCO SANTANDER S.A. as an intermediary for the clearing and settlement of financial derivatives (hereinafter, these entities will be referred to as "Sub-custodians").

The account structure in these entities is divided into:

- Own Portfolio Account, and
  - BPI client accounts
- Sub-custodians that are not direct members of the Central Securities Depository of the market they serve may, in turn, request a third-party sub-custodian for the custody and settlement of securities.

### 5.2 Account reconciliation

- BPI keeps the necessary records, reconciliation processes and accounts so that a client's assets can always be distinguished without delay from those of other clients as well as from those of BPI itself. Internal records and open accounts guarantee the accuracy of the data they contain and their correspondence with client financial instruments. The reconciliation processes described below are carried out:

#### Domestic Market

- Instruments representing capital and debt - daily reconciliation of the balances of accounts held at the Central Securities Depository (INTERBOLSA / Euronext Securities Porto).

- Issues registered in the Issuing Entities or their Registration Agents - monthly reconciliation of the global balances registered in the entities that hold the book-entry registers. Annually, a reconciliation is performed of the ownership by client of the positions.
- Physical securities held in vaults: sample reconciliation at least annually.

## International Markets

- Instruments representing capital and debt: fortnightly reconciliations of balances held in Sub-custodians.
  - Derivative instruments contracted on organised markets: BPI carries out a daily reconciliation of the balances of accounts held with BANCO SANTANDER SA, the entity providing BPI with clearing and settlement services for ETD derivatives,
  - Foreign collective investment institutions: fortnightly reconciliations of balances held with Sub-custodians, an entity with which BPI has contracted custody and settlement services.
- The discrepancies detected in the reconciliation processes are analysed and managed for their resolution. In addition to the reconciliation processes described above, BPI implements, through the Internal Audit Department, internal and periodic reviews, including the annual External Audit on the process of Safeguarding Client Assets.

## 5.3 Aspects to consider in case of delegation of custody

- Article 306-A of the Securities Code allows financial institutions to custody financial instruments on behalf of their clients, registered in accounts opened with third parties, provided that the financial institutions act with due competence, care and diligence in the selection, designation, and periodic evaluation of that third party entity, considering its technical capacity and reputation in the market.
- BPI's custody and sub-custody scheme is set out below:

### Domestic Market

- BPI is a member of the Portuguese Central Securities Register - INTERBOLSA (Euronext Securities Porto) - responsible for the settlement and custody platform for national equity and debt instruments.
- Consequently, the registration of the financial instruments of BPI clients is not delegated to third parties.

### International Markets

- BPI resorts to Global and/or Local Sub-custodians to perform settlement and custody operations on the various international markets where its clients carry out operations.
  - BPI has a procedure in place which details the criteria followed in terms of the selection, appointment, and review of sub-custodian entities to ensure compliance with market requirements and practices regarding the holding of assets on the different markets on which they provide coverage.
- For the purposes of selecting Sub-custodians, BPI considers various aspects, including the technical competence, experience and reputation in the market of the selected Sub-custodians, market coverage in the activity of settlement and custody of financial instruments, the specialisation of the entity in the securities field, the soundness of the business continuity systems and other aspects such as the quality of the information for monitoring custody activity and the frequency of access to positions held at each moment.

MARKET PRESENCE REQUIREMENTS	
<b>Market and Instrument Coverage for Settlement and Custody</b>	The coverage of the settlement and custody service will be assessed for the intended markets and financial instruments
<b>Criteria for selection and review of the Sub-custodian network</b>	The procedure for selecting and reviewing the entities used as Sub-custodians will be considered
<b>Reputation, experience, and expertise</b>	BPI only uses entities with renowned reputation.
<b>Pricing</b>	Competitive pricing, in line with similar entities, is required

OPERATIONAL REQUIREMENTS	
<b>Operational Services and Support and Communication Systems</b>	The reliability of operational procedures, the level of automation, the quality of information and the agility of technical and operational support will be valued.
<b>Business Continuity Systems</b>	The business continuity plans will be verified, and the alternatives presented will be assessed in terms of the speed of their adoption and estimated level of disruption.

- For the exercise of custody activity, the designated entities enjoy world-wide recognised prestige, technical competence, experience, and solvency.
- BPI has contracted the services with some Sub-custodians located in countries of the European Union which have specific regulation and supervision regarding the holding and custody of financial instruments, and the Sub-custodians are subject to said regulation and supervision.
- In cases of deposit of financial instruments issued in non-EU countries, the designated Sub-custodians may, in turn, require the use of local Sub-custodians or central depositaries subject to regulation and supervision in those non-EU countries. In this case, clients are informed that their rights over such instruments may be different than if they were subject to the law of a member state.
- In case Financial instruments are issued under other legislation than Portuguese law, client's rights in the event of insolvency of the issuer may differ from those under Portuguese law.
- Notwithstanding, BPI may only deposit or register the financial instruments belonging to its clients with a third party domiciled in a State not subject to regulation and supervision of the custody of financial instruments on behalf of others, only where, by the nature of the financial instruments or services relating to those instruments, it is required that the custody is performed with a third party in that State.

## 5.3.1 Operational Processes

- For the communication with its Sub-custodians, BPI has established real-time connection mechanisms which permit immediate and constant access to information on the accounts, especially that corresponding to assets in custody, settlement operations and corporate events occurring on clients' positions.
- The reconciliation processes have been detailed in section 5 "Management Model for the Safeguarding of Financial Instruments - "Account Reconciliation" of this document.

## 5.3.2 Outsourcing Agreements

- Based on BPI's structure, in terms of custody of financial instruments, it can be concluded that BPI does not currently have any outsourcing contract, since:
  - **In the Domestic Market:** BPI is a direct participant in the Portuguese Central Securities Register.
  - **In International Markets:** BPI uses an international Sub-custodian scheme, considered normal market practice. This type of support does not imply that BPI has outsourced the international custody and settlement functions of financial instruments to the various Sub-custodians, but rather that these entities are service providers.

## 5.4 Aspects to consider concerning the safeguarding of Client funds

- Based on BPI's structure, in terms of custody of financial instruments, it can be concluded that BPI does not currently have any outsourcing contract, since:
  - **In the Domestic Market:** BPI is a direct participant in the Portuguese Central Securities Register.
  - **In International Markets:** BPI uses an international Sub-custodian scheme, considered normal market practice. This type of support does not imply that BPI has outsourced the international custody and settlement functions of financial instruments to the various Sub-custodians, but rather that these entities are service providers.

## 5.5 Use of financial instruments belonging to clients

- BPI, as a financial institution duly authorised by the Bank of Portugal and duly authorised under Directive 2013/36/EU of the European Parliament and of the Council of June 26, 2013 relating to the access to the activity of credit institutions and to the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, acts directly as depositary for the current accounts of its clients.

### 5.3.1 Control ensuring no use of financial instruments

- Compliance with this Policy is monitored by the means detailed below:
  - Keeping a record of orders and operations, including the details of instructions communicated by clients.
  - Reconciling balances on own account and on behalf of clients, as detailed in the "Account Reconciliation" section of this document.

- Sending confirmations to clients for each movement made in the account, detailing the specific details of the operation and its overall position.

## 5.3.2 Possible future use of financial instruments belonging to clients

- BPI may only conclude financing contracts relating to financial instruments belonging to its clients, or use them in any other way, either for its own account or on behalf of another client, in accordance with the following requirements:
  - i. The client must give express consent prior to the use of the financial instruments. In case of retail investors, it will be necessary for such consent to be transmitted through a written document, with the signature of the client or any equivalent alternative mechanism.
  - ii. The use of financial instruments will be adjusted to the conditions specified and accepted by the client.
- In addition to the provisions of the previous section, when the financial instruments, over which the client authorises their use, are registered in an omnibus account, where permitted by applicable regulations, the following requirements must also be met:
  - iii. The need for express, prior, and individual consent of clients whose instruments are registered in an omnibus account.
  - iv. The need for BPI to have systems and controls in place to guarantee the use of the instruments, in the exclusive case that the client has given express consent.
  - v. The need to keep a record of such operations, including:
    - a. Information on clients who have transmitted instructions on the use of their financial instruments.
    - b. Number of financial instruments used, belonging to each customer who has given consent (to correctly allocate possible losses).

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## 6 | GOVERNANCE FRAMEWORK

The governance structure at BPI, as regards the safeguarding of financial instruments, is as follows:

### 6.1 Board of Directors

- BPI's Board of Directors is ultimately responsible for compliance with the provisions of this Policy and consequently for the management of conduct risk in respect of the safeguarding of financial instruments.
- It is responsible by law for determining BPI's management policies and strategies. Within the scope of conduct risk management as regards the safeguarding of financial instruments, it is particularly responsible for:
  - Defining a system of governance that ensures the sound and prudent management of BPI, including an appropriate division of functions in the organisation and prevention of conduct risk regarding the safeguarding of financial instruments, the monitoring of the implementation of the system and the



periodic control and evaluation of its efficiency, adopting, if necessary, the appropriate measures to address possible disputes.

- Establishing the general principles of action, supervision, and communication of conduct risk in matters of safeguarding of financial instruments which will serve as a reference to enable BPI to develop the necessary organisational measures and procedures

## 6.2 Risk Committee

- In the performance of its duties as an advisory and support body to the Board of Directors, the Risk Committee is responsible, namely, for advising the Board of Directors and the Audit Committee on the Company's risk policy and, within that framework, on BPI's general, current and future risk appetite and strategy, and for assisting the Board of Directors in overseeing the execution of BPI's risk strategy by the Executive Committee.
- In the context of conduct risk management for safeguarding financial instruments, the Risk Committee:
  - Proposes approval of this Policy to the Board of Directors.
  - Monitors the degree of adequacy of the risk assumed to the previously decided profile and ensures that the Bank's actions are consistent with the tolerance levels established.
  - Determines, in collaboration with the Board of Directors, the information that these bodies must receive, so that knowledge of exposure to this risk is sufficient for decision-making purposes.
  - Assesses the risk of compliance with applicable legislation and/or regulations in force in this sphere of action and decision, detecting any risk of non-compliance and monitoring and analysing any shortcomings in accordance with ethical or deontological principles.
  - Verifies whether BPI has the means, systems, structures, and resources in accordance with the best practices that allow it to implement its conduct risk management strategy as regards safeguarding of financial instruments.

## 6.3 Audit Committee

- The Audit Committee supervises the effectiveness of the internal control system, ensuring that the established Policies and Systems are effectively applied, and assesses the effectiveness of the financial and non-financial risk management systems, aiming at exercising its supervisory function as a Governing Body, within the scope of the Policy on Safeguarding of Financial Instruments, namely proposing to the Board of Directors the approval of this Policy.

## 6.4 Executive Committee of the Board of Directors

- The Executive Committee of the Board of Directors is responsible for approving the procedures necessary for the implementation of this Policy, as well as the decisions to be adopted in the context of the management of conduct risk about the safeguarding of financial instruments.

## 6.5 Global Risk Committee

- BPI's Global Risk Committee is a body dependent on the Risk Committee responsible for managing, controlling, and monitoring in an overall manner the risk resulting from possible non-compliance with the safeguarding of financial instruments, among others, as well as assessing the respective

implications on the management of liquidity, level of solvency and the consumption of regulatory and economic capital.

- For this purpose, it must analyse the Bank's overall position in relation to this risk, establishing, directly and/or through its possible Delegated Committees, the policies and/or procedures which optimise its management, monitoring, and control, aligned with BPI's strategic objectives.
- Accordingly, the specific objective of this Committee is to adjust the strategy in this matter to that established by the Board of Directors within the scope of the risk appetite, to coordinate the measures to mitigate non-compliance and the reaction to early warnings, keeping the Board of Directors informed, through reports to the Risk Committee, on the main lines of action and their status at BPI.

## 6.6 Transparency Committee

- The Transparency Committee is a body under the Executive Committee of the Board of Directors responsible for assessing and approving, in first instance, the Policy on Safeguarding of Financial Instruments.

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## 7 | CONTROL FRAMEWORK

- BPI promotes a risk culture which favours risk control and compliance, as well as the establishment of a solid internal control framework which encompasses the entire organisation and enables fully informed decisions to be taken on the risks assumed.
- BPI's internal control framework is structured according to the Three Lines of Defence model, which ensures a strict division of functions and the existence of several independent levels of control:
- The **first line of defence** comprises the business areas, business support and central services, and is responsible for:
  - Applying the regulations in force, including this Policy, as well as any manuals on specific operating procedures for the activity.
  - Establishing procedures and proactively implementing measures to identify, mitigate and manage conduct risk in safeguarding of financial instruments.
  - Setting up and implementing adequate controls to ensure compliance with obligations regarding the safeguarding of financial instruments.
- The Compliance Department, as the **second line of defence** for conduct risk in matters of safeguarding of financial instruments, has the following functions:
  - Promoting the approval of the Policy by the Board of Directors, after hearing the Risk Committee and the Audit Committee, as well as any substantial change thereto.
  - Reviewing the satisfactory compliance and effectiveness of the measures adopted by BPI, within the scope of the general procedures for action in matters of safeguarding financial instruments described in this Policy.
  - Revising and evaluating the Policy every three years or less if the situation so requires, considering possible changes in the applicable regulations and internal procedures.

- Issuing recommendations regarding the improvement or adoption of additional measures concerning the general procedures for action on safeguarding of financial instruments, resulting from the abovementioned review procedure.
- Timely informing the Governing Body of any relevant event or occurrence with respect to possible non-compliance with safeguarding of financial instruments.
- Clarifying any doubts about the Policy that may arise during its application by BPI.
- Ensuring adequate communication and awareness of the Policy, through campaigns, awareness-raising actions, and training programmes.
- The Internal Audit Department acts as the **third line of defence**, and its mission is to supervise the performance of the first and second lines of defence. It is an independent and objective function, which ensures the following functions:
  - Including in the audit plans reviews of the effectiveness of management, control and governance procedures relating to the safeguarding of financial instruments at BPI.
  - Issuing relevant recommendations and monitoring their proper implementation to ensure the achievement of strategic objectives and the improvement of the control environment.
  - Informing, among other areas, the Compliance Department of the risks of non-compliance in matters of safeguarding of financial instruments that it detects during its activity.

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## 8 | INFORMATION AND REPORTING

- Achieving an adequate reporting structure is key to managing conduct risk in safeguarding financial instruments.
- The main reporting objectives are the following:
  - Providing the Governing Bodies, whenever necessary and in a timely manner, with accurate, clear, and sufficient information to facilitate decision-making and to verify whether BPI is acting in accordance with the legal and regulatory provisions in force, as well as in compliance with the applicable internal rules.
  - Satisfying the information requirements of Supervisors/Regulators.
  - Keeping the sole shareholder and BPI's stakeholders informed of the principles of action for safeguarding financial instruments.
  - Providing the heads of the different areas, especially the management and control areas, with the necessary data to monitor compliance with the strategy defined for BPI in matters of safeguarding of financial instruments.
- Additionally, BPI provides information on the safeguarding of financial instruments in the "BPI Investor Manual".

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## 9 | INVESTOR COMPENSATION SCHEME

- BPI is a participant in the Investor Compensation Scheme which ensures the protection of investors in the event of the financial incapacity of financial intermediaries authorised to operate in Portugal.
- The Scheme was created by Decree-Law no. 222/99, of June 22, amended by Decree-Law no. 252/2003, of October 17 and by Decree-Law no. 162/2009, of July 20.
- BPI understands that Decree-Law 162/2009, of July 20, which amends Decree-Law 222/99, of June 22, suffers, as the latter, from organic unconstitutionality by violation of the reserve relating to the legislative powers of the Assembly of the Republic, to the extent that, as the contributions of the institutions to the Investor Compensation Scheme are, in substantial terms, of a tax nature, those laws should have been preceded by the competent legislative authorisation, which did not occur.
- BPI also understands that the warranty coverage credits, which Decree-Law 162/2009, of July 20, intended to introduce is materially unconstitutional, for violation of the principle of proportionality. Without prejudice to the referred organic and material unconstitutionality, BPI also understands that the rules of the referred Decree-Law 162/2009, of July 20, which extended the scope of coverage of the Investor Compensation Scheme referred to below (*v.g.* in the sense of covering credits resulting from investment operations whose contractual conditions establish a reimbursement guarantee of determined or determinable amounts), if applied to situations of incapacity of financial intermediaries to pay which occurred before the date on which that same law came into force (July 21, 2009), are unconstitutional on the grounds of material breach of the constitutional prohibition on retroactive tax law.
- The purpose of the Investor Compensation Scheme is to protect retail investors (Non-Professional Investors) in the event of the financial inability of participating financial intermediaries to repay or return money or financial instruments belonging to them, guaranteeing the coverage of amounts due to investors in respect of financial instruments and money expressly earmarked for their purchase, namely:
  - The financial instruments (namely shares, bonds, participation bonds, units in investment funds, commercial paper, treasury bills, futures, and options on financial instruments, FRAs) deposited by or managed on behalf of clients.
  - Money deposited by clients for the express purpose of investing in financial instruments.
- Under the terms foreseen in the original wording of Article 3 of Decree-Law no. 222/99, of June 22, 1999 and in the current paragraph 1 of the referred Article “the Scheme provides coverage for credits against a participating entity arising from the latter’s financial inability to repay or return to investors, in accordance with the applicable legal and contractual conditions, funds due to or belonging to them and which are specifically earmarked for investment business, or which are held, administered or managed on their behalf in connection with investment business”.
- As amended by Decree-Law 162/2009, of July 20, Article 3(2) now states that “the funds due to investors and which are specially allocated to investment operations include credits which they have on an entity participating in the Scheme and which arise from investment operations whose contractual conditions provide for a guarantee of reimbursement of determined or determinable amounts”.
- As referred to above, it is BPI’s understanding that the extension of the coverage resulting from this legislative amendment is only applicable to situations of asset impairment of financial intermediaries participating in the Scheme which occur after July 21, 2009, the date on which Decree-Law 162/2009, of July 20, came into force.

- As provided for in Article 9 of referred law, the following are excluded from coverage by the Scheme:
  - a) credits arising from investment operations held by qualified investors referred to in Article 30(1) of the Portuguese Securities Code, whether acting in their own name or on behalf of clients, or public administrative sector entities.
  - b) credits arising from investment operations held by an investor, any other person or party thereto, in connection with which a final criminal conviction for money laundering acts has been handed down.
  - c) credits arising from investment operations carried out or provided by entities not authorised for that purpose.
  - d) credits arising from investment operations carried out directly outside Portugal or other member states of the European Community, namely in offshore jurisdictions, unless the investor was unaware of the destination of such investment.
  - e) credits arising from investment operations carried out in the name and on behalf of members of the management or supervisory bodies of the participating entity, shareholders with a direct or indirect holding of not less than 2% of its share capital, statutory auditors at their service, external auditors providing audit services, or investors with similar status in other companies that are in a controlling or group relationship with the participating entity.
  - f) credits arising from investment operations carried out in the name or on behalf of the persons or entities that have performed the functions, held the shareholdings or provided the services referred to in the preceding subparagraph in the four years preceding the date of activation of the Scheme, or of the adoption by the Bank of Portugal of recovery and reorganisation measures, under the terms of the law, and whose action or omission has been at the origin of the financial difficulties of the participating entity or has contributed to the worsening of such situation;
  - g) credits arising from investment operations carried out in the name and on behalf of the spouse, first-degree relatives, or kin or third parties acting on behalf of the investors referred to in the preceding subparagraph.
  - h) credits arising from investment operations carried out in the name and for the account of undertakings which are in a controlling or group relationship with the participating entity.
  - i) credits arising from investment operations held by investors who are responsible for facts related to the participating entity, or who have benefited from them, either directly or through an intermediary, and who are at the origin of the financial difficulties or have contributed, through action or omission in the scope of their responsibilities, to the worsening of such situation.
  - j) credits arising from guarantees of profitability, as well as guarantees of repayment of funds allocated to investment operations that have been abusively agreed between investors and participating entities or granted by them; those constituted from the third month prior to the date of activation of the Scheme or of the adoption by the Bank of Portugal of recovery and reorganisation measures under the terms of the law are assumed to be such.
  - k) credits arising from investment operations carried out by investors acting on behalf of any persons or entities referred to in the foregoing subparagraphs.
- The Investor Compensation Scheme guarantees reimbursement up to a limit of 25,000 euros per investor. This limit is established per investor and not per account.
- The amount of compensation to be attributed to each investor is calculated on the date of the activation of the Investor Compensation Scheme based on the value of the cash and financial instruments registered in the investor's name with the financial intermediary that originated the activation of the Scheme, considering the limits provided for by law.

- The Investor Compensation Scheme is activated:
  - a) When the financial intermediary participating in the Scheme, for reasons directly related to its financial situation, is unable to comply with the obligations arising from the credits of the investors and the Bank of Portugal has verified, after consulting the Portuguese Securities Market Commission (CMVM), that the financial intermediary does not appear to be able to do so soon.
  - b) When the Bank of Portugal discloses to the public the decision by which it withdraws the authorisation of the financial intermediary, if such publication occurs before the verification referred to in the preceding paragraph.
  - c) With respect to credits arising from investment operations carried out in Portugal by branches of investment firms and credit institutions with registered offices in another member state of the European Union, when a declaration is received from the supervisory authority of the home country stating that the exercise of the rights of investors to claim their credits against that entity is suspended.
- The Investor Compensation Scheme shall publish the activation and all other elements that may be necessary for the protection of the interests of investors:
  - At its registered office.
  - At the CMVM registered office.
  - At the branches and agencies of the financial intermediary that originated the activation.
  - In a mass-circulation newspaper.
  - On the Investor Compensation Scheme website.
  - On the CMVM website.
  - In other places or by other means it considers convenient.
- In addition to this publication, the Investor Compensation Scheme shall communicate to each investor the calculated amount of compensation, the calculation method, and the procedures necessary for its payment.
- Investors have 30 days from the notification of the Investor Compensation Scheme to submit the Identification Form, available on the Investor Compensation Scheme page on the CMVM's website ([www.cmvm.pt](http://www.cmvm.pt)) and at the CMVM's offices, containing their personal data and contact details, the company name of the financial intermediary, the payment option and, if they choose to receive the compensation by bank transfer, the IBAN of the account to be credited with the amount of the compensation. In case the investor disagrees with the value calculated by the Investor Compensation Scheme he/she should fill in the Complaint Form, also available at the locations mentioned above.
- As described in the CMVM document "Contingency Plan", available at [www.cmvm.pt](http://www.cmvm.pt), "the Investor Compensation Scheme will communicate to each investor, by registered letter with acknowledgement of receipt, the amount to be received, as well as the form and date of payment or, in the case of investors who have opted for receipt by cheque, the place and date from which the cheque may be cashed and the documentation necessary for that purpose."
- For further information, please contact BPI or consult the CMVM website ([www.cmvm.pt](http://www.cmvm.pt)).

## 10 | POLICY UPDATE

- This Policy will be submitted to the Board of Directors for review every three years.
- The Operations Department, as the body responsible for the Policy, must review its content and, whenever it deems pertinent, may propose modifications which will be submitted for approval by the Board of Directors, after hearing the Risk Committee and the Audit Committee.
- Additionally, the Policy may be updated at any time, when the DO has identified the need for change for the following reasons:
  - Changes in legislation and/or regulations.
  - Changes in business objectives and strategy.
  - Changes in management processes.
  - Changes deriving from results obtained in monitoring and control activities.
  - New Policies or modifications to existing ones, which affect the content of this Policy.
  - Modification of the organisational structure entailing a change of the functions of conduct risk management regarding safeguarding financial instruments.
- As a review procedure, the responsible body of the Policy should:
  - Share the result of the analysis carried out with the other BPI structures involved in the management of conduct risk regarding the safeguarding of financial instruments and introduce any necessary changes to the Policy.
  - Submit a proposal for revision of the Policy which will include a summary of the review conducted in the "Changes to Latest Version" section at the beginning of this Policy.
  - Propose to the Global Risk Committee, to submit the revision of this Policy to the Risk Committee and to the Audit Committee, which will analyse its conformity prior to consideration by the Board of Directors.
- In situations where updates are made outside the established period (triennial review), if they are immaterial, they may be approved by the Global Risk Committee. For these purposes, immaterial updates are considered those resulting from organisational changes with no implications for the conduct risk management functions regarding financial safeguards, typographical corrections or resulting from updating documents referenced in this Policy. The Risk Committee and the Audit Committee will always be informed of the updates approved by the Global Risk Committee. These Committees, in turn, will decide whether to inform the Board of Directors of these updates.
- The Organisation and Presidency Department is responsible for the archiving and accessibility of this Policy, ensuring the correct functioning of the processes of archiving, distribution and, where appropriate, publication.
- This Policy will be integrated in the "BPI's Investors Manual", available on BPI's public website.

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