



CAIXA GERAL DE DEPÓSITOS, S.A.

BOARD OF DIRECTOR'S INDEPENDENCE STATEMENT

I- Scope

Caixa Geral de Depósitos, S.A. (“**CGD**” or “**Institution**”) is a credit institution fully owned by the Portuguese State and a significant supervised institution according to Article 131 of Directive 36/2013/EU of the European Parliament and of the Council of 26 June 2013¹, and following Article (16) of Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014², considered to be a public-interest entity pursuant to Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014³, and to Law No. 148/2015, of 09 de September⁴.

The company's governance structure consists of a Board of Directors, which carries out management functions, and a Supervisory Board, which, together with the Statutory Audit Company, carries out supervisory functions, pursuant to Article 278, paragraph 1(a) and Articles 3 and 413, paragraph 1(b) and 2, of the Commercial Company Code (“**CSC**”, in Portuguese), to Article 3 of Law No. 148/2015 and to Articles 30 to 33 of the Legal Regime of the Business Sector of The State (“**RJSPE**”, in Portuguese).

The Institution's day-to-day management is operated by an Executive Committee comprising all the Executive Board Members (pursuant to Article 407, Paragraphs 3 and 4 of CSC, to Article 15 of the Legal Framework of Credit Institutions and Financial Companies or “**RGICSF**”, to Article 32 of the RJSPE and to CGD's Articles of Incorporation⁵). Delegating current management onto the Executive Committee does not exempt the Board of Directors from deciding on these matters. The Non-Executive Members are responsible for overseeing the Executive Committee, as well as for fostering the Board of Director's intervention every time they deem it necessary, pursuant to Article 407(8) of the CSC.

This document consists of a statement on the rules applied by CGD in what concerns the Board of Director's Independence.

II- Composition

The composition of the Board of Directors and of the Executive Committee (as well as of the Supervisory Board) is constantly updated on CGD's institutional Website (www.cgd.pt) and the main developments that take place throughout the year are described in the Corporate Governance Report, annexed to the Annual Report (available on CGD's institutional website, www.cgd.pt). The *curricula* of the Members of the Board of Directors, as well as of those of the Supervisory Board, are also available on the

¹ On access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, available at [EUR-Lex.europa.eu](http://eur-lex.europa.eu).

² Establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation), available at [EUR-Lex.europa.eu](http://eur-lex.europa.eu).

³ On specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC [EUR-Lex.europa.eu](http://eur-lex.europa.eu).

⁴ Approving the Auditing Supervisory Framework, available at www.dre.pt.

⁵ Document available at CGD's institutional Website (www.cgd.pt)



abovementioned website, and attached to the Corporate Governance Report, including professional experience and other relevant elements, namely the functions or roles carried out by each Member.

III- Determining independence

In order to determine the Independence of the Board of Directors and its Members, the rules of the RGICSF, the CSC and the RJSPE are taken into account, as well as the rules issued by the European Institutions, and the regulations and guidelines from national and international supervisory authorities, e.g. the European Banking Authority's and the European Securities and Markets Authority's on the assessment of the suitability of members of the management body and key function holders ("**Joint ESMA and EBA Guidelines**")⁶ and the IPCG's Corporate Governance Code 2018 (2018)⁷, acknowledged by the Portuguese Securities Market Commission (CMVM).

CGD has approved and maintains in force the rules concerning the Independence of statutory bodies and their Members, including, inter alia, the rules pertaining to the Articles of Incorporation, the Regulation of The Board of Directors, CGD's Policy for the Selection and Evaluation of Members of Governing and Supervisory Bodies and Key Functions, and the Global Conflicts of Interest Prevention and Management Policy.

The Independence requirement aims to prevent the risk of subjecting the Members of the Board of Directors (as well as those of the Supervisory Board) to the undue influence of other persons or entities, fostering the appropriate environment for them to carry out their duties with impartiality. The independence is assessed through the evaluation of all situations liable of influencing independent decision-making capacities.

Under the Articles of Incorporation, together with other requirements to which the company is bound, a person may only be considered independent if he/she is not associated with any specific group of interests in the company nor in any circumstance that may affect his/her impartiality of analysis or decision. The articles of Incorporation also state that the majority of the Supervisory Board's Members shall be independent.

The Regulation of The Board of Directors determines that the Directors shall be independent. A Director is considered to be independent when, being qualified by law or by Regulations of the Governing Bodies of CGD and the Committees set up by them, he/she is not associated with any specific interest group in relation to CGD and the CGD Group, nor under any circumstance liable to affect his/her unbiased analysis or decision-making capacities⁸.

In the Joint ESMA and EBA Guidelines, implemented by CGD, the concept of Independence is linked to the members of the management body in their supervisory functions⁹ and to the absence of any kind of relationship of these members with the institution or their managers that might influence their ability to make objective and balance judgements and reduce their ability to make independent decisions.

In assessing the Members of the Board of Directors (as well as those of the Supervisory Board) all scenarios liable to affect the person concerned are considered, namely and according to the Articles of Incorporation:

⁶ EBA/GL/2017/12 and ESMA71-99-598, of 21 March 2018, available on EBA's and ESMA's websites, www.esma.europa.eu and www.eba.europa.eu.

⁷ Available on IPCG's website: <https://cgov.pt/images/ficheiros/2018/codigo-en-2018-ebook.pdf>

⁸ All available on CGD's website (www.cgd.pt).

⁹ Within these joint EBA and ESMA guidelines, applied to the management and supervisory organization adopted by CGD, the management body is composed of the Board of Directors – Executive and Non-executive Members – and the Supervisory Board and the management body within its supervisory function is made of Board of Director's Non-Executive Members and the Members of the Supervisory Board.



- a) Functions carried out by the Member at CGD or at any other credit institution;
- b) Family or affinity relationships, as well as professional or economic bonds the Member might have with other Members of CGD's or any of CGD's branches' Board of Directors or Supervisory Board or with key function holders;
- c) Taking part of legal proceedings against CGD or its branches;
- d) Simultaneous carrying out of a management or first-line function by the Member or someone with whom they have a close personal relationship, at CGD, its branches or competitors;
- e) A significant commercial relationship with CGD, its branches or competitors;
- f) A significant financial interest or obligation towards CGD, its branches, clients or competitors, expressed by the Member or by someone with whom he/she has a close personal relationship, such as investments or loans;
- g) A politically relevant function carried out by the Member;
- h) Other situations identified in internal normative, rules guidelines from national or international authorities.

The Portuguese Institute of Corporate Governance (IPCG)'s Corporate Governance Code (2018) recommends that each company include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:

- a) having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis (if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period));
- b) having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;
- c) having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;
- d) having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;
- e) having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or
- f) having been a qualified holder or representative of a shareholder of qualifying holding.

On an annual basis, CGD yearly discloses the number of Non-Executive Members of the Board of Directors and of Supervisory Board that are independent in its Corporate Governance Report.

The independence of the Members of the Board of Directors is subject to an initial assessment and a reassessment, either yearly or in the event of the occurrence of supervening facts (that is, facts that occur after the last (re)assessment or that come to light at a later stage). Each Member of the Board of Directors shall inform the Institution of all the facts that might have a negative impact on the independent exercise of their duties.



If, for any reason, a Member's independence requirement is no longer fulfilled, the European Central Bank may take one or several of the following measures: setting a deadline for adopting the adequate measures for complying with the independence requirement; suspending the Member's authorization for performing his/her duties, for the necessary cure period to make up for the independence requirement; setting a deadline for making amendments to the assignment of responsibilities; setting a deadline for making amendments to the Board of Director's composition and submitting the relevant and necessary information to assess the adequacy and authorization of alternate Members or, in case of non-compliance with these provisions, possibly revoking the authorization to carry out the corresponding duties.

The implementation of independence rules is analyzed and updated on a regular basis.

Caixa Geral de Depósitos, S.A.

Lisbon, March 2019