



*Aresbank*

**SUITABILITY ASSESSMENT POLICY OF THE MEMBERS  
OF THE BOARD OF DIRECTORS, SENIOR MANAGEMENT  
AND KEY FUNCTION HOLDERS**

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## 1. INTRODUCTION

One of the fundamental elements of corporate governance of credit institutions is the correct functioning of their governing bodies, and it is therefore essential to maintain an adequate structure, composition, and functioning. Thus, the main objective of the policies and procedures for assessing the suitability of the members of the institutions' governing bodies is to ensure that they function effectively.

Likewise, another of the relevant aspects in the composition of the Board of Directors of the Entities is diversity, in the terms in which this term is defined in the Guidelines of the European Banking Authority EBA/GL/2021/06 as "*a situation in which the characteristics of the members of the management body, including their age, gender, geographical origin, academic and professional profile, are different, so that diverse opinions concur within the management body*". In this sense, this criterion is also evidenced in Article 529 bis of the Consolidated Text of the Capital Companies Act, introduced by Law 11/2018<sup>1</sup>, which amends the Commercial Code, the Consolidated Text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Account Auditing, in terms of non-financial information and diversity, by providing in its paragraph 2: "*.... The Board of Directors shall ensure that the selection procedures of its members favour diversity with respect to issues such as age, gender, disability or professional training and experience and do not suffer from implicit biases that may imply any discrimination and, in particular, that they facilitate the selection of directors in a number that allows achieving a balanced presence of women and men*".

Moreover, in accordance with the provisions of Article 88.1 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 relating to the taking up of the business of credit institutions and the prudential supervision of credit institutions and investment firms, the Entity's management body shall adopt and keep updated a policy for the assessment of the suitability of its members. The requirements, conditions and key elements of the procedures for assessing suitability are set out in Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, Royal Decree 84/2015, of 13 February, implementing Law 10/2014 and Bank of Spain Circular 2/2016, of 2 February, to credit institutions, on supervision and solvency.

In addition, the EBA/GL/2021/06 Guidelines on the assessment of the suitability of the members of the management body and key function holders, obliges entities to ensure a policy for the assessment of the suitability of this group.

In the same way that an adequate composition of the Board of Directors is essential to guarantee its effective functioning through the corporate governance of the entities, the selection procedure for Senior Management and key function holders established by the Entity is also important, since these persons represent the link between the Board of Directors and the rest of the organizational structure. This requirement extends to those responsible for internal control functions as a fundamental part of the Entity's internal governance mechanisms.

In accordance with the solvency regulations applicable in its capacity as a credit institution, Aresbank must have adequate internal units and procedures to carry out the selection and continuous assessment of the members of its Board of Directors, its general managers or similar, and those responsible for internal control functions and other key positions in the institution.

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<sup>1</sup> Act 11/2018, of 28th December, which amends the Code of Commerce, the consolidated text of the Spanish Capital Companies Act approved by the Royal Decree 1/2010, of 2 July and the Act 22/2015 of 20th July on Account Auditing on financial information and diversity.

The suitability requirements and the selection and assessment procedures set forth in this Policy shall be applied without prejudice to any other substantive or procedural rules, of a legal, statutory, or corporate governance or conventional nature, that regulate the capacity, obligations and the requirements of the persons affected by the Policy to be appointed and to remain in the respective positions.

The Board of Directors of Aresbank, S.A. (the "Company" or the "Entity") has the non-delegable function of determining the general policies and strategies of the Entity and, for such purposes, the Policy for the Assessment of the suitability of the members of the Board of Directors and of the holders of key functions forms part of the Entity's corporate governance system, and includes the fundamental principles regarding the selection and assessment of the suitability of Directors, members of Senior Management and holders of key functions; Therefore, given its importance, the Board of Directors must be the body that approves this Policy and agrees to review and update it when necessary.

Likewise, the Board of Directors, together with the Nominations and Remunerations Committee, is the body responsible for assessing the suitability of candidates. In this regard, the Nominations and Remunerations Committee is the body that prepares the suitability assessment report of the members of the company's management body and of the holders of key functions who, in turn, submits it to the Board for approval.

## **2. SCOPE OF THE POLICY**

The purpose of this Policy is to establish the principles, criteria and fundamental lines of organization and procedures for carrying out the assessment of the suitability of the members of Aresbank's Board of Directors, Senior Management, and key function holders, in particular, of the selection processes relating to their appointment in accordance with applicable regulations and best corporate governance practices.

This Policy is part of Aresbank's set of rules, internal governance policies and procedures, among others: Bylaws, Regulations of the Board of Directors, Code of Ethics, and its Internal Governance Policy.

## **3. FIELD OF APPLICATION**

This Policy is applicable to the company Aresbank, S.A., and includes the procedures for the selection and suitability of the members of the Board of Directors whose re-election is proposed and the candidates to be appointed as directors. Likewise, the procedures for the selection and suitability of candidates to form part of the senior management and holders of key functions are also subject to the application of the Policy.

In the event that, in accordance with the provisions of the twelfth additional provision of the Capital Companies Act, a legal person is appointed as a member of the Board of Directors of the Company, the natural person appointed in his representation must meet the legal requirements established for directors; he shall be subject to the same obligations, and shall be jointly and severally liable with the legal person administrator, and this Policy shall apply to him where appropriate.

In the case of Aresbank, this Suitability Assessment Policy is applicable to the following persons:

- Members of the Board of Directors.
- General Managers.
- Persons holding similar positions to General Manager.
- Persons holding internal control functions: Internal Audit Officer, Global Risk Director, and Compliance Officer.
- Other key function holders considered essential for the daily business of the Entity: Accounting Director, Director of Human Resources, Information and Technology Director, General Counsel, Manager of Treasury and Capital Markets, Director of Business Development Department, and Director of Operations. Director.

The composition of the group of persons subject to the suitability assessment covered by this Policy shall be reviewed and updated on an annual basis or whenever circumstances arise that may affect the Policy.

#### **4. ORGANIZATION AND CORPORATE GOVERNANCE**

##### **4.1. Board of Directors**

In accordance with current legislation, the Company's Bylaws, and the Regulations of the Board of Directors of Aresbank, the Board of Directors shall be responsible for the following functions:

- The appointment and removal of the Chief Executive Officers of the Company and the establishment of the conditions of their contracts.
- The appointment and dismissal of the Directors, Deputy Directors and proxies who report directly to the Board of Directors or any of its members, as well as their assessment and the basic conditions of their contracts, including their remuneration.
- At the proposal of the General Management, the appointment and dismissal of department directors and key function holders, as well as their assessment and remuneration.
- The approval of this Policy for the assessment of the suitability of the members of the Board of Directors, Senior Management and other key function holders.

##### **a) Regarding the members of the Board of Directors**

- Preparation of the reports assessing the suitability of the candidate for Director whose appointment is being considered, based on the proposed suitability assessment report prepared by the Appointments and Remuneration Committee.
- The preparation of a supporting report assessing the competence, experience and merits of the candidate proposed for appointment or re-election as director, which in any case must accompany the proposal for appointment or re-election and shall be attached to the minutes of the General Meeting or of the Board itself.
- The proposal for the appointment, re-election, or removal of directors, who are not considered independent, to be submitted to the General Shareholders' Meeting or the appointment by co-optation by the Board of Directors itself, as the case may be.
- The submission to the General Shareholders' Meeting of the proposal for the appointment, re-election or removal of independent directors made by the Nominations and

Remunerations Committee or their appointment by co-option by the Board of Directors itself.

- To ensure compliance with the incompatibility regime of the Board Members established in the applicable regulations.
- The approval of the composition of the group subject to the suitability assessment procedure established in this Policy.
- To ensure that the selection procedures of the members of the Board of Directors favour diversity, particularly in terms of gender, as well as, among others, training and professional experience, age, or geographical origin, and do not involve any type of discrimination, maintaining a balanced presence of men and women on the Board of Directors of the Company.
- The Board of Directors shall have an appropriate number of members with an appropriate composition, and for an appropriate period, in accordance with the provisions of its Bylaws and the Regulations of the administrative body.

#### **b) Regarding the Senior Management and the Key function holders**

- To assess at the proposal of the Nominations and Remunerations Committee, the skills, knowledge and experience of senior managers, and other key function holders, including the holders of internal control functions.
- The appointing and dismissing of senior managers, as well as other key function holders, including holders of internal control functions.

### **4.2. Nominations and Remunerations Committee**

The Nominations and Remunerations Committee submits to the Board of Directors of Aresbank the proposal for approval of the Policy, as well as its subsequent revisions.

#### **a) Regarding the members of the Board**

It is responsible, in addition to the formulation of proposals and reports, for the supervision of the selection processes of Directors, being attributed, among others, the following basic responsibilities:

- To submit to the Board of Directors the proposals for the appointment of independent Board Members for their appointment by co-optation or for their submission to the decision of the General Shareholders' Meeting, as well as the proposals for the re-election or removal of such Board Members by the General Shareholders' Meeting.
- To report on the proposals for appointment of the remaining Board Members for appointment by co-optation or for submission to the decision of the General Shareholders' Meeting, as well as the proposals for their re-election or removal by the General Shareholders' Meeting.
- To assess the suitability of the candidates for Board Members, taking into account the necessary functions and aptitudes, the time and dedication required for the effective

performance of the position and the willingness to exercise good governance and submit to the Board of Directors the proposal for a suitability report together with the proposal for appointment in the case of independent Board Members, or together with the report on the proposal for appointment in the case of the remaining Board Members.

- To report to the Board on diversity issues, particularly in terms of gender, ensuring that the selection procedures of its members favour diversity of gender, as well as training and professional experience, age, or geographical origin, and do not involve any type of discrimination, maintaining a balanced presence of men and women on the Board of Directors of the Company. In addition, it shall verify, on an annual basis, compliance with this policy to ensure an appropriate composition of the Board of Directors in terms of diversity, which shall be reported in the Annual Corporate Governance Report.
- To assess regularly, and at least once a year, the suitability of the members of the Board of Directors and of the Board of Directors as a whole, and report to the Board of Directors accordingly.
- To assess regularly, and at least once a year, the structure, size, composition and performance of the Board of Directors and its Committees.
- To supervise the correct application and compliance with the Suitability Assessment Policy.
- To examine and organize, in collaboration with the Chairman of the Board of Directors, the succession of the Chairman, as well as to examine and organize, in collaboration with the Chairman, the succession of the chief executive of the Bank, and to make proposals to the Board of Directors so that the succession occurs in an orderly and planned manner.

**b) Regarding the Senior Management members and Key Function holders at Aresbank**

- To prepare and submit to the Board of Directors a report on proposals for the appointment or removal of senior management and other key function holders, assessing the necessary skills, knowledge, and experience, and may make such proposals directly in the case of Senior Management or other key function holders who, due to their control functions or support to the Committees, are required to initiate such action.
- To assess regularly, and at least once a year, the suitability of Senior Management and other holders of key functions.

In order to carry out its duties under this Policy, the Nominations and Remunerations Committee may use appropriate resources, including external advice.

**4.3. Secretariat of the Board of Directors**

The Secretariat of the Board of Directors assists the Board of Directors and its Committees in the exercise of their functions, and is responsible for, among others:

- To propose to the Nominations and Remunerations Committee this Policy for the assessment of the suitability of the members of the Board of Directors, Senior Management, and Key Function holders, as well as any subsequent amendments thereto.

- To assist the Nominations and Remunerations Committee in the performance of the suitability assessments and in the preparation of the reports that correspond to the Committee on this matter.
- To gather the information and documents necessary to justify the suitability of each candidate to become a member of the Board of Directors.
- To process the suitability assessment before the competent authority when appropriate, as well as to request the registration of persons subject to suitability assessment in the Register of Senior Officers of the Bank of Spain, in accordance with the regulations in force.
- To update the pertinent information and documentation for the purposes of the continuous assessment of the members of the Board of Directors.

#### **4.4. General Management**

Without prejudice to the functions attributed to the Nomination and Compensation Committee by the Regulations or this Policy, the General Manager shall propose to the Board of Directors the appointment or removal of senior managers and other key function holders of Aresbank.

#### **4.5. Human Resources Department**

The Human Resources Department shall collaborate, coordinate, and assist the Board of Directors, the Appointments and Remuneration Committee, whenever these bodies deem it appropriate, as well as the General Manager, providing them with advice throughout the process of selecting candidates for Senior Management and other key positions.

#### **4.6. External advice**

If deemed appropriate, the bodies and persons responsible for the selection of members of the Board of Directors, senior management and other key function holders may request that legal advisors, experts or Human Resources consulting firms be hired at the company's expense. In this case, the Nominations and Remunerations Committee shall pay special attention to the independence of the advisor and the absence of conflicts of interest.

### **5. SCOPE OF THE SUITABILITY ASSESSMENT OF THE BANK**

The suitability assessments of the members of the Company's governing body, Senior Management and key function holders, and the resolutions adopted within the framework of this Policy must at all times respect the legislation in force, the Entity's corporate governance system and rules, and take into consideration the recommendations and principles of good governance.

Likewise, the credit institutions in general shall apply the principle of proportionality in order to adapt corporate governance systems to the specific risk profile and business model of the institution and take into account the specific position for which an assessment is made, so that the objectives of the regulatory requirements are effectively achieved.



- In the case of the assessment of the suitability of the members of the Board of Directors, the composition of the Board shall at all times be aimed at ensuring its diversity and balance.

In addition, in the selection processes of the members of the Board of Directors and in order to ensure that different opinions concur within the Board of Directors, the responsible bodies shall at all times bear in mind the principle of diversity, particularly in terms of gender as well as, among others, training and professional experience, age or geographical origin and any others deemed appropriate to ensure an appropriate and diverse composition of the Board, and the principle of non-discrimination and equal treatment, ensuring that there is no discrimination of any kind in this respect.

- Within the framework of the selection of members of Senior Management and holders of key functions, the attraction and retention of the appropriate profile shall be determined, guaranteeing the identification, attraction and development of talent, ensuring at all times that the competence for the performance of the specific position is favoured and, as well as the diversity as far as possible, and that the proposals must at all times respect the principle of non-discrimination and equal treatment. Measures shall be taken to ensure that the Entity has a significant number of female managers.

## **6. SUITABILITY ASSESSMENT SYSTEM OF THE MEMBERS OF THE BOARD OF DIRECTORS**

### **6.1. Types of suitability assessment**

The assessment of the suitability of the members of the management body shall be carried out individually, jointly and periodically, at least once a year, in order to continuously monitor the suitability of the members of the Board of Directors individually and collectively.

The Nominations and Remunerations Committee of the Entity shall ensure that suitability assessments of the members of the Board of Directors individually and collectively are carried out prior to their appointment. The Board, in its supervisory role, shall be responsible for determining the final suitability assessments.

Prior to the appointment of the new members by the General Meeting of Shareholders, the result of the suitability assessment individually or collectively shall be submitted to the shareholders prior to the General Meeting of Shareholders. However, the Entity may appoint new members, before a positive suitability assessment has been made, in certain justified cases that require the sudden or unexpected replacement of a member, such as the death of a member or when a member is removed because he or she is no longer suitable.

In such cases, the Entity shall assess the suitability of the members of the management body and its composition as soon as possible and at the latest within one month of their appointment. If the post-appointment assessment proves to be unsuitable; the member and the supervisory authority shall be informed in a timely manner. In any case, the suitability assessment shall be carried out prior to the effective exercise of their functions.

The Entity shall document the results of the suitability assessment of the member of the Board of Directors concerned and the gaps identified between the required and actual suitability of the members individually and collectively.

The Entity shall also transmit to the supervisory body the result of the suitability assessments

of the new Board members, including that of the management body as a whole, in accordance with the information contained in APPENDIX II of this Policy. In the case of a re-election, the additional information required for the suitability assessment may be limited to the most relevant changes.

Likewise, for the assessment of the suitability of the members of the Board of Directors as a whole, the documentation submitted to the supervisor shall include the information contained in the APPENDIX IV hereto.

#### **6.1.1. Individual assessment of the members of the Board of Directors**

The Entity must ensure that the members of the management body are always individually suitable and for this purpose, it shall assess or reassess their suitability when the following circumstances arise:

- When relevant changes occur in the composition of the management body, in particular:
  - i) When new members of the management body are appointed, specifically as a result of a direct or indirect acquisition or increase of a significant shareholding in an entity.
  - ii) When a re-assessment of the members of the management body is carried out, if the requirements of the position have changed or if the member is appointed to a different position within the management body. This assessment shall be limited to the members whose position has changed and the analysis of the relevant aspects, taking into account the additional requirements for the position.
- Aresbank shall assess whether the members:
  - i) Possess sufficient good repute.
  - ii) Possess sufficient knowledge, skills, and experience for the performance of their duties.
  - iii) Are capable of acting with honesty, integrity, and independence of mind to effectively assess and challenge the decisions of the Board in its management function and other relevant management decisions, when necessary, as well as to effectively supervise and monitor management decision making.
  - iv) Are able to devote sufficient time to the performance of their duties in the Entity.

When an assessment is made for a specific position, the assessment of sufficient knowledge, skills, experience and time commitment shall take into account the function of the specific position concerned. Proposals for re-election shall only be submitted after consideration of the results of the assessment of the member's performance during his or her last term of office.

The Secretary of the Board of Directors, at the request of the Nominations and Remunerations Committee, shall prepare and keep the complete file of the new Board member with all the information set out in APPENDIX II of this Policy. Likewise, the person being assessed shall validate the accuracy of the information provided. The Nominations and Remunerations Committee may agree to carry out verifications of the data provided with the prior authorization of the interested parties if necessary. In addition, it shall assess in an overall manner the information contained in the new member's file submitted to it by the Secretary of the Board in order to determine the suitability and appointment of the Director.

If, after the suitability assessment carried out by the Nominations and Remuneration Committee, it appears that the proposed member does not meet all the suitability requirements set forth in this Policy, it shall propose to the Board the adoption of appropriate measures, such as:

- Not to report favourably on the appointment of the new Director, or not to raise the proposal for the appointment of the Director.
- To propose the removal of the Director.
- To establish the necessary training plans in order to ensure the necessary qualifications and experience for the optimum performance of their duties.
- Any other measure deemed necessary or appropriate.

#### **6.1.2. Collective assessment of the members of the Board of Directors**

The Entity shall ensure that the Board of Directors collectively holds, at all times, adequate knowledge, skills and experience to assess the Entity's activities, including the principal risks. Aresbank shall also ensure that the overall composition of the management body reflects a sufficiently broad range of knowledge, skills and experience for the purpose of assessing the Entity's business and its risks.

In particular, the Entity shall carry out the assessment or reassessment of the suitability of the management body collectively:

- When relevant changes occur in the composition of the management body, in particular:
  - (i) when new members of the management body are appointed, in particular because of a direct or indirect acquisition or an increase in a significant shareholding in an entity.
  - ii) when re-electing members of the management body if the requirements of the position have changed or if members are appointed to a different position within the management body.
  - iii) when the appointed or re-elected members cease to be members of the management body.
- When there is a material change in the business model, risk appetite or strategy or structure of the entity at the individual or group level.
- As part of the review of internal governance systems by the management body.
- When there are reasonable grounds to suspect that an act of money laundering or terrorist financing has been committed, or that there is an increased risk of such an act being committed in relation to the Entity.
- In any other event that may significantly affect the collective suitability of the management body.

The APPENDIX IV of this Policy sets out the questions required for the Entity to proceed to assess the collective suitability of the members of the Board of Directors.

Without prejudice to the individual assessment of the suitability of each member of the Board of Directors, the selection and assessment processes must consider the experience accumulated

by the members of the Board of Directors as a whole.

All Board members shall have sufficient knowledge, skills, and experience in the corporate governance of the Entity to decide on the Entity's activities, risks, including those of money laundering and terrorist financing, and to ensure the effective capacity of the Board of Directors to make decisions independently for the benefit of the Entity, and to propose the implementation of any corrective measures that may be necessary.

### **6.1.3. Regular assessment of the members of the Board of Directors**

This type of assessment shall be carried out to identify, depending on the occurrence of any relevant new developments, the situations in which such suitability shall be re-assessed and it shall be carried out in the following cases:

- When there are doubts about the suitability of the members of the management body individually or collectively.
- If the honourability of a member of the management body or of the entity is materially affected, including cases in which members are in breach of the Entity's conflict of interest policy.
- Where there are reasonable grounds to suspect that money laundering or terrorist financing has been committed, is being committed or has been attempted, or that there is an increased risk of it being committed in relation to that entity and in situations where the information available indicates that the entity:
  - (i) has not implemented adequate internal controls or supervisory arrangements to monitor and mitigate money laundering and terrorist financing risks (detected, for example, during on-site or off-site inspections, supervisory dialogue or in the context of sanctioning proceedings); or
  - ii) it has failed to comply with its obligations regarding the prevention of money laundering and terrorist financing in the home or host Member State or in a third country.
  - iii) it has changed its activity or business model in such a way as to indicate that its exposure to the risk of money laundering and terrorist financing has significantly increased; or
  - iv) in any case that may otherwise materially affect the suitability of the member of the management body.

It is the responsibility of the Entity to reassess whether the time commitment of a member of the management body is sufficient if he/she assumes an additional position or starts to perform new relevant activities, including in the political field.

The Nomination and Remunerations Committee shall carry out this assessment of the members of the management body, both individually and collectively, if any of the aforementioned cases should arise. The result of the regular assessment, as well as any recommendations with respect to the deficiencies that may be identified, shall be submitted to the Board of Directors for its information and the adoption of the measures it deems appropriate.

## **6.2. Suitability criteria applicable to the members of the Board of Directors**

The members of the Board of Directors of the Company or the candidates who are to form part of said body must comply with the suitability requirements described below. For these purposes, the Nomination and Remunerations Committee shall analyse the suitability of the candidates for membership of the Board of Directors and shall submit the corresponding proposal or report to the Board of Directors for the appropriate purposes.

The assessment of the suitability of the members of the Board of Directors shall be carried out in accordance with the following criteria:

### **A) COMMITMENT**

All members of the Board of Directors shall devote enough time to the performance of their duties, which shall depend on the following factors:

- The position held on the Board of Directors, in particular, the nature of the position held on the Board and its specific Committees and responsibilities assigned to the individual.
- The nature and complexity of the activities carried out by the Entity where he/she performs his/her duties.
- The geographical location of the member and the travel time required for his/her duties.
- The number of meetings scheduled by the governing body and its various Committees, and the time required for their preparation, as well as their availability to deal with unforeseen situations.
- Any other professional activity or responsibility that the Board member carries out both inside and outside the financial sector, both inside and outside the European Union.
- The need for continuous training.
- Any other relevant responsibilities of the member that the Entity deems necessary to consider when assessing the member's ability to devote sufficient time.

The annual assessment of the functioning of the Board of Directors and its Committees shall also include the assessment of the dedication of the time of the members of the Board to the preparation of the meetings, the attendance to the meetings and the participation in the meetings in accordance with the criteria indicated above.

The Entity shall take into consideration a change in the external professional and/or political positions of the members of the Board of Directors, which may reduce the member's ability to devote sufficient time to the performance of his/her role, in which case, the Entity shall conduct a reassessment of the Director's ability to devote the time required for the position.

### **B) ADEQUATE KNOWLEDGE, SKILLS AND EXPERIENCE**

The members of the Board of Directors shall have the appropriate skills to perform the duties of their position. They shall have up-to-date knowledge of the Entity's business and its risks according to their responsibilities. In the exercise of their functions, they shall ensure that the meetings of the Board and its Committees are conducted efficiently with the participation of

the members on an equal footing.

The members of the Board of Directors must have an in-depth knowledge of the Entity's corporate governance systems, their respective functions and responsibilities, the structure and organization of the Entity, and any possible conflicts of interest that may arise.

The members of the Board of Directors must collectively have the necessary and relevant competencies set forth in APPENDIX I of this Policy, considering the functions and responsibilities of the position held by the member of the administrative body.

In any case, for the assessment of knowledge and skills, the following shall be considered:

- The function and responsibilities of the position and the skills required.
- The knowledge and skills acquired through studies, training and experience.
- The practical and professional experience acquired in previous positions.
- The knowledge and skills acquired and demonstrated by the professional performance of the member of the administrative body.

The Board members shall possess the necessary skills to present their opinions in the decision-making process within the management body, as well as to perform their duties effectively; to assess the management practices applied and the decisions taken by the Board of Directors in its management function. For this purpose, theoretical and practical experience in the following matters will be considered:

- Banking and financial markets.
- Legal requirements and regulatory framework.
- Strategic planning, understanding of an entity's strategy or business plan and its compliance.
- Risk management (identification, assessment, monitoring, control and mitigation of an entity's main types of risk, including environmental, social and governance - ESG - risks and risk factors).
- Accounting and Auditing.
- Assessment of the effectiveness of an entity's procedures, ensuring effective governance, oversight and controls.
- Interpretation of an entity's financial information, identification of key issues based on this information and adoption of appropriate controls and measures.

In addition, the members of the Board of Directors, in their management function, shall have acquired sufficient practical and professional experience in a management position for a sufficient period. When assessing the practical and professional experience acquired in previous positions, particular attention shall be paid to:

- The nature of the managerial position held and its hierarchical level.
- The duration of employment.
- The nature and complexity of the business in which the position was held, including its organizational structure.
- The extent of the member's competencies, decision-making powers and responsibilities.
- The expertise obtained through the position.
- The number of dependents.

In the case of those members of the Board of Directors who are Chairmen of a Committee, the knowledge and experience in the field in question shall be assessed. Likewise, the training programs carried out or to be carried out by the person appointed or assessed by means of

specific training shall be considered in the assessment.

The members of the Board of Directors shall have collectively sufficient knowledge and experience to cover all the areas of knowledge necessary for the development of the Entity's activities, to enable the decisions to be adopted to be discussed, considering the business model, risk appetite, strategy and the markets in which the Entity operates.

The Directors, in their supervisory role, must have collectively the capacity to effectively question and supervise the decisions taken by the Board in its management role.

The members of the Board shall have collectively sufficient knowledge and experience to cover all the areas of knowledge necessary for the development of the entity's activities. There must be enough members with knowledge in each area to be able to discuss the decisions to be adopted. In addition, the management body shall have collectively an adequate understanding of those areas for which the members are jointly responsible, and have the competencies to effectively direct and supervise the entity, including the following aspects:

- The entity's business and related principal risks.
- Knowledge of the entity's significant activities.
- Relevant areas of sector/financial expertise, including financial and capital markets, solvency and models, environmental, social and governance risks and risk factors.
- Accounting and financial reporting.
- Risk management, compliance and internal audit.
- Information technology and security.
- Local, regional and global markets, as appropriate.
- Legal and regulatory environment.
- Managerial skills and management experience.
- Strategic planning skills.
- (Inter)national group management and risks related to group structures, where applicable.

#### C) HONOURABILITY, HONESTY AND INTEGRITY

A member of the Board shall be deemed to be of recognized good repute, honesty and integrity, if there are no objective and demonstrable grounds to the contrary.

For the assessment of honourability and good repute, the relevant criminal record or administrative records shall be considered, considering the type of conviction or accusation, the role of the person involved, the sanction imposed, the stage reached in the judicial process and any rehabilitative measures applied. In addition, the following factors will be considered:

- Ongoing convictions or prosecutions for a criminal offence, such as: offences under the legislation governing the entity's banking business; offences involving misrepresentation, fraud or other economic crime; tax offences; other offences under the legislation where the entity operates relating to corporate, bankruptcy, insolvency or consumer protection.
- Other measures taken and relevant present or past deficiencies detected by any regulatory or professional body, for non-compliance with any relevant provision regulating banking, financial, securities or insurance activities.

Likewise, a series of situations related to the past and present professional performance and financial solvency of a member of the management body shall be taken into account to assess their impact on the member's honourability, integrity and honesty, such as the following:

- Being a delinquent debtor.
- The business and financial performance of the entities under the member's ownership or management, or in which the member has had a shareholding, in particular, the existence of any bankruptcy and liquidation proceedings, and whether and how the member has contributed to the situation that gave rise to the proceedings.
- The declaration of personal bankruptcy.
- Other civil claims, administrative or criminal proceedings, major investments or exposures and loans incurred, to the extent that they may have a significant impact on the financial solvency of the member or entities owned or managed by him/her, or in which the member has a significant shareholding.
- Any evidence that the person has failed to maintain a transparent, open and cooperative attitude in his/her dealings with the competent authorities.
- The refusal, revocation, withdrawal or expulsion of any registration, authorization, affiliation, or license to carry on a trade, a business, or a profession.
- The reasons for any dismissal or removal from a position of trust, fiduciary relationship, or similar situation, or for which you were asked to resign.
- The disqualification by any relevant competent authority to act as a member of the governing body, in particular persons who effectively direct the business of an entity.
- Any other serious evidence or allegation based on relevant, credible, and reliable information indicating that the person is not acting in a manner consistent with high standards of conduct.

#### D) INDEPENDENCE

All members of the Board of Directors shall actively exercise their functions and shall be able to make and issue sound, objective and independent decisions and opinions in the performance of their duties and responsibilities.

*"Being formally independent"* means that a member of the management body in its supervisory function does not have and has not had in the present or in the recent past, relationships, or ties of any kind, with the relevant entity or its management that could influence his or her objective and balanced judgment and reduce his or her ability to make independent decisions. The fact that a member is "formally independent" does not mean that it should automatically be understood that he/she acts with "independence of mind", as the member may lack the required behavioural skills.

In assessing the independence of mind, consideration will be given to (i) the courage, conviction, and fortitude to effectively assess, and challenge decisions proposed by other members of the management body; (ii) the ability to ask questions of members of the management body in their management role; and (iii) the ability to resist "herd thinking".

Aresbank will assess whether all members of the management body have any conflicts of interest, to an extent that would compromise their ability to perform their duties independently and objectively.



In order to make an assessment of the possible existence of conflicts of interest, the following situations, which could give rise to actual or potential conflicts of interest, will be taken into account.

- a. Financial interests (e.g., shares, other ownership rights and affiliations, shareholdings and other financial interests in business clients, intellectual property rights, loans granted by the entity to a company owned by members of the governing body).
- b. Personal or professional relationships with holders of significant shareholdings in the entity.
- c. Personal or professional relationships with personnel of the entity or of entities included in the scope of prudential consolidation (e.g., close family relationship).
- d. Other employments and previous employments in the recent past (e.g., the last five years).
- e. Personal or professional relationships with relevant third parties with interests in the entity (e.g., being associated with suppliers, consulting, or other significant service providers).
- f. Membership in a body or ownership of a body or entity with conflicting interests.
- g. Political influence or political relationships.

The Board of Directors shall disclose, document, decide and manage all actual and potential conflicts of interest of the management body. In case of identification of any conflict of interest that may affect the independence of ideas of a member of the governing body by the Entity, the Entity shall inform the competent authority of the situation and the measures adopted by the Entity to mitigate it.

The assessment of the independence of Directors appointed as independent shall take into consideration (i) the interests of all parties in the deliberations and decision making of the Board; (ii) that no single member dominates the decision making; and (iii) that conflicts of interest between the Entity, its business units, including clients, are appropriately managed.

#### A) DIVERSITY

The adequate diversity in the composition of the Board of Directors should ensure a broad range of knowledge, skills, views and experiences on the Board, helping to promote diverse and independent views and a sound and effective decision-making process.

By ensuring appropriate diversity on the Board is a key element of this Policy, as well as of the procedures for the selection and assessment of the suitability of Aresbank's Directors and will be taken into account at all times.

The Board of Directors, as well as the Nominations and Remunerations Committee, shall especially value gender diversity, as well as diversity of training and professional experience, age and geographical origin and any other aspects it deems relevant, always respecting the principle of non-discrimination and equal treatment.

The following indications shall be considered:

- In the procedures for the selection and re-election of directors, when carrying out the

suitability assessment, the objective of always guaranteeing an appropriate and diverse composition of the governing body, especially favoring gender diversity, as well as, among others, diversity of knowledge, professional training and experience, age, and geographical origin, shall be weighted. The candidate's suitability assessment reports shall include an assessment of how the candidate contributes to ensuring a diverse and appropriate composition of the Board of Directors.

- At all times, the Board of Directors and the Nomination and Remunerations Committee shall ensure that there is an appropriate balance of knowledge and experience, also considering that the selection of candidates of the under-represented sex is facilitated and that any discrimination in this respect is avoided. Likewise, the Committee shall consider the measures established to encourage the Entity to have a significant number of female directors.
- The annual assessment of the composition and competencies of the Board of Directors shall consider the diversity aspects indicated above and, in particular, about gender diversity objectives. The Nominations and Remunerations Committee shall document the degree of compliance with this objective, as well as with any others that may have been considered relevant, and shall indicate, in the event of non-compliance, the reasons, the measures to remedy it and the timetable for action.
- The Annual Corporate Governance Report shall include a description of the fundamental elements and objectives relating to the Entity's diversity policy, and the results obtained, including the specific measures adopted, if any, by the Board of Directors and the Nominations and Remunerations Committee to promote an appropriate composition of the Board of Directors.

### **6.3. Training of the members of the Board**

The training of the members of the Board of Directors of Aresbank is a relevant element to always guarantee the suitability of the directors, contributing to improve their competencies, skills, and knowledge through the adoption of different training measures.

The training actions are divided into two groups: those corresponding to the initial training of directors and the annual continuous training plans. At all times, the Entity shall guarantee sufficient human and financial resources to achieve the established training objectives and to ensure that all members of the governing body are suitable and able to perform their duties.

#### **6.3.1. Initial training**

Prior to appointment and after assessing the candidate's suitability, when the Entity or the supervisory authority detects additional training requirements, training actions may be agreed for candidates for directors, which must be carried out within the period established, where appropriate, by the supervisor or, in any other case, as soon as possible and, at the latest, within one year of taking office. Likewise, after their appointment, the Directors must receive all the initial training aimed at ensuring their proper integration into the Board of Directors and organization of Aresbank within a maximum period of six months after taking office.

It shall be the responsibility of the Nominations and Remunerations Committee, with the assistance of the Secretary of the Board and, where appropriate, the Human Resources Department or such other departments as may be considered relevant, to approve the specific

content and other aspects related to these programs. The purpose of the content of the programs shall be to provide the Board Members with a clear understanding of the structure, business model, risk profile and internal governance of Aresbank and its Group, with special consideration of the applicable regulatory framework. Likewise, it shall include those issues that it is considered necessary for the new member to always know to perform his or her duties on the Board.

### **6.3.2. Regular training**

On an annual basis and after carrying out the collective annual assessment of the suitability of the Board of Directors, the Nominations and Remuneration Committee, considering the conclusions obtained, may prepare a proposal for an annual training plan for the following year which, after review by the Chairman of the Board, shall be submitted to the Board of Directors for approval. For these purposes, the annual self-assessment exercise of the Board Members shall consider the opinion of the Board Members with respect to training needs.

The Annual Plan shall include all those training actions, internal or external, which are deemed necessary, and which enable the Board Members to duly understand the structure and risk profile of the Bank and to actively participate in the deliberations of the Board. The Secretary of the Board shall assist and collaborate in the preparation of the Annual Continuing Education Plan. If the Nominations and Remuneration Committee so requires, they may collaborate with the Human Resources Department, or such other departments as may be deemed appropriate depending on the matters to be dealt with.

Special consideration shall be given to all matters related to risk management, the business, new developments in the applicable regulatory regime, those linked to the Entity's strategic objectives, etc.

During the year in which it is applicable, the Appointments and Remuneration Committee may modify, with the approval of the Chairman of the Board, the Plan to meet, where appropriate, any new needs, both collective and individual, that may be detected.

## **6.4. Succession plan of the Board of Directors**

The succession plan is a strategic process for credit institutions that provides growth and continuity for the institution, so that they are prepared in the event that members of the Board of Directors, senior management or key function holders cease to hold office for any reason, and can be replaced by others who have the necessary skills for the position, as otherwise there could be problems of continuity in the institution.

With regards to the members of the Board, In accordance with Aresbank's Bylaws, it is the responsibility of the Nominations and Remunerations Committee to examine and organize, in collaboration with the Chairman of the Board of Directors, both in the case of the succession of the Chairman and of other members of the Board; as well as to examine and organize, in collaboration with the Chairman, that of the chief executive of the Company without prejudice to the provisions of paragraph 7.4 of this Policy with respect to the latter; and, if necessary, make proposals to the Board of Directors to ensure that such succession takes place in an orderly manner. The Nominations and Remunerations Committee shall at all times take into account developments in corporate governance, regulation, best practices and any other recommendations of the supervisor.

The Board of Directors shall ensure continuity in decision-making and shall avoid, as far as possible, the simultaneous replacement of several members, while safeguarding the provisions of Article 26 of the Articles of Association of the Bank with regard to the composition of the Board.

In the event of the removal, notice of resignation, incapacity or death, or a sudden or unexpected departure of a member of the Board of Directors, the Chairman of the Board, with the assistance of the Chairman of the Nomination Committee, shall convene an extraordinary meeting of the Committee to examine and organise the process of succession or replacement in a planned manner and to make a proposal to the Board, including the possibility of an interim appointment or other interim measure. For this purpose, the Board of Directors and the Nomination and Remuneration Committee may seek the advice of independent firms in identifying potential candidates.

Succession plans should also consider the diversity goals and objectives set out in section 6.2 of this Policy.

## **7. SUITABILITY ASSESSMENT SYSTEM OF THE MEMBERS OF THE SENIOR MANAGEMENT AND OTHER KEY FUNCTION HOLDERS**

This Policy on procedures for assessing the suitability and appointments of directors and members of senior management and other key function holders at Aresbank shall contain details of all persons who are members of senior management and other key function holders.

These positions must be held by persons of recognized business and professional integrity. In addition, they must also possess appropriate knowledge and experience. When assessing the knowledge and experience required for each position, the specific duties, functions, and characteristics of the position being assessed shall be taken into account. These suitability requirements shall be assessed considering the provisions of the applicable regulations, as well as this Policy.

Likewise, any other requirements that may be determined by the Nominations and Remunerations Committee and, with respect to the selection of the heads of the Internal Audit Department, by the Audit Committee of the Bank, may also be considered.

In any case, in the selection processes, as well as, if applicable, in the design of career or succession plans, the need to ensure adequate diversity shall be considered and, in particular, the establishment of measures that encourage the Entity to have a significant number of female executives shall be guaranteed.

### **7.1. Key function Holders**

The key function holders at Aresbank have been defined as those who have a significant impact on the Bank's management and risk profile, who are not members of the Board of Directors. Key function holders include those responsible for internal control functions, General Managers (Senior Management personnel) and other similar Managers considered key positions for the development of the Bank's activity.

The specific composition of the positions/persons that make up Aresbank's key function holders is set out in its Internal Governance Policy, approved by the Board of Directors,

following a report from the Nominations and Remunerations Committee, and corresponds to the following persons:

- General Manager and similar positions.
- Global Risk Control Director.
- Compliance Officer.
- Internal Audit Officer.
- Accounting Director.
- Director of Business Development.
- Manager of Treasury and Capital Markets.
- Information and Technology Director.
- Director of Human Resources.
- General Counsel.
- Director of Operations.

This composition shall be reviewed for reasons of internal restructuring, individual changes, or other reasons, or at least on an annual basis.

## **7.2. Time and type of the suitability assessment**

The assessment of the individual suitability of key function holders shall be initiated for the reasons indicated below:

- a) When the appointment of a new key function holder is to be made at Aresbank.
- b) When the criteria for the suitability of a key function holder are significantly affected by supervening circumstances.

If any of the key function holders becomes aware of any circumstance that could affect the assessment of his or her suitability, he or she must immediately inform the Secretary of the Board of Directors.

## **7.3. Specific suitability criteria applicable to the Key function holders**

The specific criteria to be assessed in the case of key function holders are as follows:

### **7.3.1. Knowledge, skills and experience**

The knowledge, skills and experience required of key function holders will depend on the function and responsibilities of the position. For this purpose, a detailed analysis of the candidate's Curriculum Vitae, academic and professional background shall be carried out to assess all the knowledge, skills and experience required according to the functions and responsibilities of each position.

In the case of positions in charge of internal control and certain key positions for the development of the Entity's activity, a professional reference check may be carried out when the Nominations and Remunerations Committee deems it appropriate.

### **7.3.2. Honourability, honesty and integrity**

A key function holder shall be deemed to be of recognized good repute, honesty and integrity,

if there are no objective and demonstrable grounds to the contrary, taking into account, in particular, the same as that considered for members of the Board of Directors. However, the Bank may also request a criminal record certificate to verify that there are no grounds for disqualification.

The Entity may re-assess the holders of key functions in the light of any new relevant fact and in the following cases:

- When there are doubts as to their suitability.
- In the event that their honourability may be affected in a relevant way.
- When there are reasonable grounds to suspect that any act of money laundering or terrorist financing has been committed.
- When it has failed to comply with its obligations in terms of prevention of money laundering and financing of terrorism in its country or abroad.
- When it has changed its business activity and has increased its exposure to the risk of money laundering and terrorist financing.
- When, in the opinion of the Entity's internal governance systems, a reassessment is appropriate.

### **7.3.3. Conflicts of Interest**

For the assessment of conflicts of interest, the candidate may be asked to sign a document or Declaration of Conflict of Interest stating that the person being assessed does not incur in any of the indicators for which a conflict of interest may exist; this may be verified during a personal interview with the candidate.

## **7.4. Suitability assessment proceeding**

The assessment of the suitability of the Key Function Holders shall be carried out in accordance with the following procedure:

### **7.4.1. Preparation of the dossier**

The Secretary of the Board of Directors shall prepare the complete dossier of the person under assessment, which may include, among others, the documents shown in the Appendix II of this Policy, without prejudice to any other criteria that may be considered relevant for these purposes.

### **7.4.2. Assessment**

The assessment of the General Managers, Key function holders and others whose appointment is the responsibility of a Board Committee, shall be the responsibility of the Nominations and Remunerations Committee to assess the information contained in the dossier submitted to it by the Human Resources Department.

For this purpose, the Human Resources Department, in coordination with the Nominations and Remunerations Committee, may establish criteria, internal procedures, forms or any other tool to facilitate, as the case may be, the weighting of the different assessment criteria to determine the suitability of the affected parties.

### 7.4.3. Result of the assessment

If, after the assessment carried out by the Appointments and Remuneration Committee, it appears that the candidate does not meet all the suitability requirements set forth in this Policy, the Nominations and Remunerations Committee, after weighing the criteria and requirements of this Policy, shall adopt the appropriate measures, which shall depend on each situation and may consist of the following:

- Not to proceed to proceeding with the appointment.
- Propose the dismissal of the key function holder.
- Propose temporary suspension, until it is considered that the key function holder is suitable for the position.
- Establish specific training plans, both for the assessed key function holder and, if applicable, for all key function holders, to ensure the necessary qualification and experience for the optimal development of their functions.
- Other corrective measures.

All documentation shall be kept in the custody of the Human Resources Department, and, in addition, this Department shall maintain an updated list of the positions assessed; the suitability assessment carried out; the assessment documentation and a description of the responsibilities and functions of each Key Function Holder.

### 7.5. Succession plan of the Senior Management and other Key Function holders

In the case of members of Senior Management and other Key Function holders, the succession plan must include, firstly, an identification of those positions for which succession is planned, and also a description of the criteria to be met by candidates for each position, taking into account the long-term strategy of the institution, in order to prepare and equip them with suitable and sufficient skills in good time; all within the framework of action established in the procedure for assessing suitability in this chapter.

The Nominations and Remunerations Committee shall ensure that sufficiently qualified staff is available at all times to enable the strategic plans and projects of the entity to be implemented without interruption, to safeguard business continuity, and to prevent relevant functions from being left unattended. The Nominations and Remunerations Committee shall be responsible for proposing to the Board of Directors the succession of senior management and other Key Function holders. For this purpose, the Nominations and Remunerations Committee may seek the advice of independent firms in identifying potential candidates.

In the event of the dismissal, termination, resignation, or a sudden or unexpected departure of a Key Function Holder, and in order to organise the succession or replacement process in an orderly manner, the General Manager, with the cooperation of the Human Resources Department, and with the approval of the Nominations and Remunerations Committee, may propose the interim appointment of an employee, whether or not identified in the succession plan, until the corresponding appointment of such Key Function Holder takes place, in accordance with the procedure set out in Chapter 7 of this Policy.

Likewise, the Nominations and Remunerations Committee, in collaboration with the Human Resources Department, will be in charge of executing the succession plan foreseen by the entity, including the creation of profiles and evaluation criteria to carry out the selection process.

## **8. APPROVAL AND REVIEW OF THE POLICY**

The Board of Directors of Aresbank is responsible for approving the Policy for the assessment of the suitability of the members of the Board and the key function holders, at the proposal of the Nominations and Remuneration Committee.

In accordance with the Regulations of the Board of Directors, the Nominations and Remunerations Committee shall be the body responsible for the periodic review of this Policy,

which must be carried out at least on an annual basis, submitting a report to the Board of Directors and formulating the observations or proposals for modification and improvement thereof that it deems appropriate. The Secretary of the Board shall assist the Nominations and Remunerations Committee in the performance of these tasks.

Likewise, the Nominations and Remunerations Committee shall carry out an annual verification of compliance with the Policy aimed at favouring an appropriate composition of the Board of Directors, duly reporting thereon in the Annual Corporate Governance Report.



**APPENDIX I**  
**COMPETENCES**

The following is a list of competencies relevant to the individual suitability assessments of the members of the Board of Directors, as set out in Annex II of the Guidelines EBA/GL/2021/06.

- **Authenticity:** The member is consistent in his/her words and actions and behaves in accordance with the stated values and beliefs. He/she communicates openly his/her intentions, ideas and impressions, fosters an atmosphere of sincerity and honesty, and correctly informs the supervisor about the actual situation, while acknowledging risks and problems.
- **Language:** The person assessed is able to communicate orally in a structured and conventional manner, as well as to write in the national language or the working language of the location where the entity is located.
- **Decision:** Makes timely and well-informed decisions by acting promptly or undertaking a specific course of action, e.g., expressing views and not procrastinating.
- **Communication:** He/she is able to convey a message in an understandable and acceptable manner and in an appropriate way. Focuses on conveying and obtaining clarity and transparency and encourages active feedback.
- **Good judgment:** He/she is able to weigh data and different courses of action and arrive at a logical conclusion. Examines, recognizes, and understands the essential elements and issues.
- **Customer and quality oriented:** Focuses on providing quality and, whenever possible, finding ways to improve it. Specifically, this means withholding consent to the development and marketing of products and services and to capital expenditures, e.g., on products, office buildings or equity, in circumstances where you cannot adequately assess the risks because you do not understand the architecture, principles or basic assumptions. Identifies and studies clients' wants and needs, ensures that clients do not take unnecessary risks, and ensures that clients receive correct, complete and balanced information.
- **Leadership:** Provides direction and guidance to a group, develops, and maintains teamwork, motivates, and encourages available human resources, and ensures that staff members have the necessary professional competence to achieve a specific objective. Is receptive to criticism and provides the opportunity for critical debate.
- **Loyalty:** Identifies with the company and has a sense of involvement. Demonstrates that he/she can devote sufficient time to the job and can perform his/her duties adequately, defends the interests of the company and operates objectively and critically. Recognizes and anticipates potential personal and professional conflicts of interest.
- **External awareness:** Keeps track of developments, power bases and attitudes within the company. Is well informed about any relevant changes in the financial, economic, social and other situations, nationally and internationally, that may affect the company and also about the interests of the parties involved and is able to use this information effectively.
- **Negotiation:** Identifies and discloses common interests to generate consensus, while pursuing negotiation objectives.

- **Persuasive:** Able to influence the opinions of others through persuasion and the use of his or her natural faculties and tact. He has a strong personality and can stand firm.
- **Team player:** You are aware of the group's interest and contribute to the common result; you can function as part of a team.
- **Strategic vision:** He is able to develop a realistic view of future changes and to translate it into long-term objectives, e.g., by applying scenario analyses. In doing so, he/she takes due account of the risks to which the company is exposed and takes appropriate measures to control them.
- **Resilience to stress:** You are resilient and able to act consistently, even under great pressure and in times of uncertainty.
- **Sense of responsibility:** Understands internal and external interests, assesses them carefully and is accountable for them. Has the ability to learn and is aware that his or her actions affect the interests of the various parties involved.
- **Chairing meetings:** He/she can chair meetings efficiently and effectively and create an open atmosphere that encourages everyone to participate on a basis of equality; is aware of the roles and responsibilities of others.

## APPENDIX II

### **DOCUMENTATION FOR THE INITIAL APPOINTMENT OF THE MEMBERS OF THE BOARD AND/OR KEY FUNCTION HOLDERS**

The following information and/or attachments should be submitted to the competent authorities conducting their suitability assessment where required.

#### **1. Personal data and details about the entity and function in question**

- 1.1. Personal details such as first and last name, name at birth (if different), gender, place and date of birth, address and contact details, nationality and personal identification number or copy of identity card or equivalent.
- 1.2. Details of the position for which the assessment is being made, and whether the position on the governing body is executive or non-executive, or whether it is a key function holder position.

The following details should be included:

- the letter of appointment, contract, offer of employment or drafts thereof, as appropriate.
- any related governing body minutes or suitability assessment report/document.
- the expected start date and duration of the term of office.
- the estimated time commitment for the position, as accepted by the individual.
- a description of the person's main duties and responsibilities.
- if the person is replacing someone, the name of that person.

- 1.3. A list of reference persons with their contact details, preferably for employers in the banking or financial sector, including full name, entity, position, telephone number, e-mail address, nature of the professional relationship and whether there is or has been any non-professional relationship with this person.

#### **2. Assessment of suitability by the Entity**

The following details should be provided:

- a. details of the outcome of any assessment of the suitability of the person carried out by the Entity, such as minutes of the relevant governing body or suitability assessment report/documents including the rationale for the outcome of the assessment carried out.
- b. whether the Entity is significant, as defined in the Guidelines; and
- c. the contact person within the Entity.

#### **3. Knowledge, skills and experience**

- 3.1. Curriculum vitae with information on education and professional experience (including professional experience, qualifications and other relevant training), including the name and nature of all organizations for which the person has worked, and the nature and duration of the duties performed, highlighting, in particular, the activities carried out within the scope of the position for which he/she is applying (banking and/or management experience);

3.2. The information to be provided shall include a statement from the entity indicating whether the individual has been assessed as having the required experience listed in these Guidelines and, if not, details of the training program imposed, including the contents, provider and date by which the training program will have been completed.

#### **4. Honourability, honesty and integrity**

4.1. Criminal background and relevant information on criminal investigations and proceedings, relevant civil and administrative cases and disciplinary measures (including disqualification from holding a managerial position, bankruptcy, insolvency and similar proceedings), in particular by means of an official certificate or any reliable source of information on the absence of criminal convictions, investigations and proceedings (e.g. investigations by third parties, testimonies of a lawyer or a notary established in the European Union).

4.2. Statement as to the existence or absence of pending criminal proceedings or as to whether the person or any organization headed by the person has been involved as a debtor in insolvency or similar proceedings.

4.3 Information on the following:

- a. investigations, enforcement proceedings or sanctions by a supervisory authority in which the person has been directly or indirectly involved.
- b. refusal of registration, authorization, affiliation, or license to carry on a trade, business or professional activity, or the revocation, withdrawal or cancellation of registration, authorization, affiliation or license, or expulsion by a regulatory or public body or by a professional body or association.
- c. dismissal or removal from a position of trust, fiduciary relationship or similar situation, or the request for termination of such position, excluding collective dismissals.
- d. whether another competent authority has carried out an assessment of the person's suitability as an acquirer or person directing the business of an entity (including the identity of that authority, the date of the assessment and evidence of the outcome of the assessment), and the person's consent, where necessary, to seek such information to be processed and used for the suitability assessment; and
- e. whether a prior assessment has already been made by an authority in another non-financial sector (including the identity of that authority and evidence of the outcome of that assessment).

#### **5. Financial and non-financial interests**

5.1. All financial and non-financial interests that could create potential conflicts of interest should be disclosed, including, but not limited to, the following:

- a. description of any financial (e.g., loans, shareholdings) and non-financial (e.g., close relationships such as spouse, domestic partner, cohabitant, child, parent or other relationship with whom the person shares accommodation) interests or relationships between the person and close family members (or any company with which the person is closely associated) and the entity, its parent or subsidiaries, or any person who has a significant interest in such entity, including members of such entities or key function holders;

- b. if the person has a business or commercial relationship (or has had within the last two years) with any of the above entities or persons or is involved in any legal proceedings with such entities or persons.
  - c. if the person and his or her close relatives have interests contrary to those of the entity, its parent or subsidiaries; d. if the person's proposal is on behalf of a significant shareholder.
  - e. any financial obligations to the entity, its parent, or its subsidiaries (excluding current mortgages negotiated at arm's length); and
  - f. any position of political influence (national or local) held within the last two years.
- 5.2. If a significant conflict of interest is identified, the entity shall provide a statement on how it has been mitigated or remedied on how this conflict has been satisfactorily mitigated or remedied, including a reference to the relevant parts of the entity's conflict of interest policy or any specific conflict management or mitigation arrangements.

## **6. Time commitment**

- 6.1. All relevant and necessary details should be provided to demonstrate that the individual can devote sufficient time to the mandate, in particular:
- a. information on the minimum time to be devoted to the performance of his or her duties in the entity (annual and monthly estimates);
  - b. where privileged computation rules apply, an explanation of the synergies that exist between the companies.
  - c. a list of the mandates in entities that do not pursue predominantly commercial purposes or that are established for the sole purpose of managing the economic interests of the individual.
  - d. the size of the companies or organizations where such positions are held, including, for example, total assets, whether the company is listed and the number of employees.
  - e. a list of additional responsibilities associated with those mandates (such as chairing a committee);
  - f. estimated time spent on each mandate in days per year; and
  - g. number of meetings per year devoted to each mandate.

## **7. Collective knowledge, skills and experience**

- 7.1. The entity shall provide a list of the names of the members of the management body and a summary of their roles and functions.
- 7.2. The entity shall provide information on its overall assessment of the suitability of the management body as a whole, indicating the status of the individual in relation to the overall suitability of the management body (i.e. following an assessment using the suitability matrix in Annex I or another method chosen by the entity or required by the relevant competent authority). This shall include a description of how the overall composition of the governing body reflects an appropriate range of experience and identification of any gaps or deficiencies and the measures imposed to mitigate or remedy them.

Any other relevant information shall be submitted as part of the application.

### APPENDIX III

#### **REGULAR SUITABILITY ASSESSMENT REPORT OF THE MEMBERS OF THE BOARD OF DIRECTORS**

In re-assessing the performance of the members of the Board of Directors individually and collectively, the Nominations and Remunerations Committee shall consider in particular:

- a. The efficiency of the work processes of the management body, including the efficiency of information flows and communication channels with the management body, considering input from internal control functions and any follow-up performed or recommendations made by such functions.
- b. The effective and prudent management of the entity, including whether the governing body acted in the best interests of the entity.
- c. The ability of the governing body to focus on strategically important matters.
- d. The appropriateness of the number of meetings held, the extent of attendance, the adequacy of time spent, and the intensity of member participation during meetings.
- e. Any changes in the composition of the management body and any deficiencies with respect to their individual and collective suitability, considering the entity's business model and risk strategy, as well as the changes they undergo.
- f. Any performance objectives established for the entity and the management body.
- g. The independence of ideas of the members of the management body, including the requirement that decision-making is not dominated by one person or a small group of persons, and compliance by members of the management body with the policy on conflicts of interest.
- h. The extent to which the composition of the governing body has met the diversity objectives established by the Board of Directors.
- i. Any circumstance that may have a relevant impact on the suitability of the members of the governing body individually and collectively, including changes in the entity's business model, strategies and organization.

**APPENDIX IV**

**COLLECTIVE SUITABILITY ASSESSMENT REPORT ON THE MEMBERS OF  
THE BOARD OF DIRECTORS**



Annex I \_ Joint EBA  
and ESMA GL on the

**Reviewed versions of the Policy**

<b>Document date and Review</b>	<b>Version</b>	<b>Produced by</b>	<b>Approved by</b>	<b>Date</b>
January 2018	OR-18001	Department of Organization and Systems	Board of Directors	30-01-2018
October 2019	OR-18002	Legal Department	Board of Directors	17-12-2019
September 2022	OR-18003	Secretariat of the Board of Directors	Board of Directors	21-09-2022
<u>December 2023</u>	<u>OR-18004</u>	<u>Secretariat of the Board of Directors</u>	<u>Board of Directors</u>	<u>15-12-2023</u>