

**ANNUAL GENERAL MEETING OF BANCO COMERCIAL PORTUGUÊS,  
S.A.**

(20/05/2021)

**PROPOSAL IN CONNECTION WITH ITEM 6 OF THE AGENDA**

**TO RESOLVE UPON THE POLICY FOR SELECTION AND APPOINTMENT OF THE STATUTORY  
AUDITOR OR AUDIT FIRM AND THE HIRING OF NON-AUDIT SERVICES NOT PROHIBITED  
UNDER THE TERMS OF THE LEGISLATION IN FORCE**

**Considering that:**

1. Under the terms of Banco de Portugal Notice no. 3/2020 published on July 15, 2020 it is incumbent on the General Meeting of Banco Comercial Português, S.A. (Bank) to approve the Policy for the selection and appointment of the Statutory Auditor or Audit Firm and the hiring of non-audit services not prohibited;
2. As a result of such publication and also based on the internal procedures already in place, the policy referred to in paragraph above was draft and the Audit Committee, gave to it a favourable opinion on its April 23, 2021 meeting;
3. The Board of Directors also gave a positive opinion to the Policy on 26 April 2021;

**It is proposed that:**

In compliance with Article 38 of Banco de Portugal Notice no. 3/2020, the General Meeting approve the Policy for the selection and appointment of the Statutory Auditor or Audit Firm and the hiring of non-audit services not prohibited contained in the attached document.

Porto Salvo, 26 April 2021

**THE BOARD OF DIRECTORS**

**Policy on the Selection and Appointment of a Statutory Auditor/Statutory Auditor and on the Hiring and Commissioning of Independent Auditing Services**

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## 1. INTRODUCTION

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This Policy defines the general guidelines for the selection and appointment of the Statutory Auditor (ROC) or Audit Firm (SROC) and the contracting of non-audit services not forbidden by law (hereinafter referred to as “Policy”) of Group Banco Comercial Português (“Group”), and may be complemented by an internal regulation.

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## SCOPE AND OBJECTIVES

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This Policy applies to all entities of Group Banco Comercial Português (hereinafter referred to as Group) with registered office on Portugal or abroad and establishes the principles, rules and the organizational model applicable to the selection, appointment and reappointment of the ROC/SROC, as well as for the contracting of non-auditing services and networks of which they are part of and the monitoring of the services provided.

The main objectives of the current Policy are related with the need to put into place procedures based on high standards of ethics and professionalism, ensuring compliance with the requirements of competence, good repute, independence, exemption and impartiality, conditions that are essential to ensure the quality and suitability of the work of the ROC/SROC/ Auditors and Audit Entity.

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## 3. APPROVAL AND REVISION PROCESS

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In compliance with Notice 3/2020 of Banco de Portugal the approval of this Policy for the Selection and Appointment of the Statutory Auditor or Audit Firm and the contracting of non-audit services which are not forbidden (Policy), is a responsibility of the General Meeting of Shareholders (GM) of Banco Comercial Português, S.A. (BCP), being disclosed through its respective website.

The Audit Committee (CAUD) of BCP shall monitor the implementation and the updating of this Policy, promoting its revision every year or when it deems necessary, with the support and involvement of the Compliance Officer.

The amendments introduced in this Policy must be submitted to the BCP GM for approval. In case the amendments result from a legal requirement, it must be approved by the Board of Directors of BCP, with the favourable opinion of BCP’s Audit Committee, and such amendments shall be submitted to ratification at the first GM that takes place after such revision.

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## 4. TRAINING

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All those involved in the implementation of this policy shall be subject to training actions with a regular periodicity, not exceeding a period of three years between them, or whenever there are relevant changes in the legislation.

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## 5. LEGAL AND REGULATORY FRAMEWORK

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This policy has been drafted taking into account the applicable legal and regulatory framework, including: :

- i) Regulation (EU) 537/214 of the European Parliament and of the Council of April 16, 2014;
- ii) the Audit Supervision Legal Framework (RJSA), approved by Law no. 148/2015 of September 9;
- iii) The bylaws of the Chartered Accountants Association (EROCC), approved by Law no. 140/2015, of September 7;
- iv) The Legal Framework for Credit Institutions and Financial Companies (RGICSF), approved by Decree-Law 298/92, of December 31;
- v) the Portuguese Securities Code (CVM), approved by Decree-Law no.486/99, of November 13;
- vi) The Portuguese Companies Code (CC), approved by Decree-Law no. 262/86, of September 2;
- vii) The Notice no. 3/2020 of Banco de Portuga, of June 30, 2020;

- viii) and the Articles of Association of Banco Comercial Português, S.A. (BCP) and the main applicable internal rules and regulations;
- ix) Circular Letter CC/2020/0000020, of Banco de Portugal of 23 March 2020.

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## 6. DEFINITIONS

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For purposes of this Policy, it is considered:

- a) **Statutory Auditor (ROC) / Audit Firm (SROC)** - the single or legal person that renders to BCP the audit service considered as legal audit and account auditing.
- b) **ROC/SROC Network** - the group formed by the companies related to the Statutory Auditor / Audit Firm of each entity of Group BCP and its respective network.
- c) **Account Audit Services** - all services that result in an examination and other services related to the accounts of the entities, provided in accordance with International Standards on Auditing (ISAs) and other applicable standards and guidelines.
- d) **Non-Audit Services** - all services other than account auditing, namely assurance engagements on corporate governance statements, or on social responsibility or regulatory reporting of the entity, which are not included in the legal certification of accounts.

The Non-Audit Services are, in turn, subdivided into:

- 1) **Prohibited Non-Audit Services** - all services that, by law, the ROC/SROC cannot provide to the audited entity, its parent company or entities under its control (Annex 1).
  - 2) **Non-Audit Services Required by Law** - all the services required by law to the ROC/SROC of a company and whose provision may be accumulated with the work of a statutory audit.
  - 3) **Non-Audit Services Not Required by Law** - all services whose provision by the ROC/SROC is not required by law, but is also not prohibited.
- e) **Group Entity** - all legal persons included in the consolidation perimeter of Group BCP.

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## 7. SELECTION AND APPOINTMENT OF ROC/SROC

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The appointment of the ROC or SROC is made by the GM, following a proposal and grounded recommendation made by the Supervisory Body of the entity for which, in the case of the subsidiary companies, a prior opinion should be issued by the CAUD of BCP as the controlling company of the Group.

The Supervisory Body of each legal person of the Group is responsible for:

- Conduct the process of identifying suitable candidates to perform the functions of ROC/SROC;
- Define the requirements to set forth in the tender documents;
- Coordinate the selection and evaluation process of the ROC/SROC;
- request to the CAUD of BCP the prior opinion mentioned above;
- monitor and supervise the performance of the ROC/SROC and the services they provide.

### 7.1. Selection and Appointment Process

The process for the selection and appointment is promoted by the Supervising Body of the contracting entity within an appropriate antecedence, approving a timetable allowing compliance with the internal regulations, in order to ensure full compliance of the applicable legislation.

The selection process includes the following stages:

- i) Preparation of the terms of reference and other tender documents;

- ii) Identification of potential candidates and request for proposals;
- iii) Collection of information to be provided to the candidates who apply to support the preparation of their proposals;
- iv) Assessment of the Proposals;
- v) Making of a report on the evaluation of the compliance with the selection criteria by the candidates and the conclusions of the selection process, with a recommendation addressed to the GM.
- vi) Obtaining an opinion from the BCP's Audit Committee (If it does not concern BCP itself);

The making of the terms of reference and of the tender documents is a responsibility of the Supervisory Body of each entity of the Group, in articulation with the different technical services of the Bank.

Once the candidates have been identified, the entity's supervisory body shall request the submission of technical and financial proposals for the provision of the services identified, also promoting the collection of duly signed declarations by the candidates resulting in all necessary information relevant to the assessment of their technical and professional suitability, independence and good repute as required by the terms of reference.

It must also be required the signing of a document confirming that the candidates meet all the requirements laid down by law for the position of ROC/SROC of the institution and that there is no conflict or impediment, accompanied by a description of the internal organisation of the ROC/SROC, including, at least:

- a. A summary of the policies, procedures and functioning of its internal quality control system;
- b. Process for the appointment of the Statutory Auditor responsible for the control of the internal quality of the works;
- c. Monitoring procedure for the internal quality control of the works.
- d. Measures foreseen to solve eventual breaches of the legal regulations related with the statutory audit of accounts<sup>1</sup>;
- e. Monitoring procedure for conflicts and impediments;
- f. Monitoring procedure for the provision of the non-audit services;
- g. Monitoring procedure for fees vis-a-vis the applicable legal limits;

## 7.2. Criteria to the Selection of the ROC/SROC

The selection of the ROC/SROC by each entity is based on the criteria and considerations indicated in the tender documents.

The assessment criteria are qualitative and quantitative and are focused on:

- 1) The technical and professional skills of the ROC/SROC, including IT control assessment skills, as well as on their experience in the financial sector (25% to 50%);
- 2) The quality of the proposal presented by the ROC/SROC, as well as the time and resources allocated to the work to be made, and the time allocation per professional category (20% to 40%);
- 3) The ROC/SROC's organisation, guarantees of independence and integrity, and the absence of conflict of interests (15% to 30%);
- 4) The fees (15% to 30%).

The Supervisory Body assesses the proposals received and, in accordance with the defined criteria, selects the most suitable candidates and makes an assessment report for each candidate, proposing to the GM, when of the election for the first term-of-office, at least two candidates, manifesting its preference for one

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<sup>1</sup> Including, herein, those deriving from Regulation (EU) 537/2014.

of them. In the recommendation, the Supervisory Body of the audited entity should declare that it is exempt from the influence of third parties and that no limitation has been imposed in order to condition the decision of the GM.

### **7.3 Term of office**

Each term of office of the ROC/SROC shall have a minimum duration of 2 years and maximum of 4 years. The maximum period for exercising ROC/SROC functions in each entity is 9 years.

Notwithstanding, the maximum period may reach 10 years provided that this extension is expressly approved by the GM, following a duly grounded proposal submitted by its Supervisory Body.

### **7.4 Archive**

The selection process is filed, for the legal period of time, so it can be made available whenever necessary.

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## **8. REAPPOINTMENT OF THE ROC/SROC**

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In the situation when the entity wishes to propose the reappointment of the ROC/SROC exercising functions, the selection tender process is waived. The Supervisory Body of the entity submits to the GM a proposal for the re-appointment of the ROC/SROC, duly grounded, especially on the assessment made to the performance of the ROC/SROC (seer chapter 9), the maintenance of its independence conditions and considering the pros and cons of its replacement.

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## **9. EVALUATION OF THE ROC/SROC**

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The ROC/SROC must be subject to a continuous evaluation of its performance, with the objective of ascertaining whether the conditions of independence, technical and professional suitability and good repute required for the performance of its duties continue to be met.

The evaluation of the ROC/SROC should be made by the Supervisory Body of the entity at least once a year, considering the criteria and requirements defined in this Policy, as well as others that the entity's supervisory body considers relevant.

The entity's Supervisory Body shall make an extraordinary evaluation of the ROC/SROC whenever any situation or event likely to jeopardise its independence, technical and professional suitability and good repute for the performance of its duties occurs.

In evaluating the performance of the ROC/SROC, the entity's supervisory body shall consider, among others, the following criteria detailed in internal regulation:

- 1) Quality and Suitability of the Service Provided;
- 2) Resources allocated to the Audit;
- 3) Communication and Interaction between the audited entity and the ROC/SROC;
- 4) Independence, Objectivity and Professional Scepticism

If, as a result of the evaluation, which is duly grounded and formalised by means of an Evaluation Report, the entity's Supervisory Body concludes that the ROC/SROC no longer fulfils the conditions of suitability to perform the duties at the entity, it shall adopt the measures it considers appropriate to remedy the deficiency detected and bring it to the attention of the competent national authority.

In case the Supervisory Body of the entity reaches the conclusion, in a duly grounded report, that it is not possible to guarantee that the deficiency detected will be remedied, it will be deemed that a just cause for destitution from office exists.

If the latter circumstance occurs, the Supervisory Body of the entity, after consulting the CAUD of BCP (if the entity is not BCP itself), shall submit to the GM of that same entity a proposal for the destitution of the ROC/SROC exercising functions, together with a proposal for the appointment of a new ROC/SROC.

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## **10. NON-AUDIT SERVICES PROVIDED BY THE ROC/SROC**

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The verification by the Supervisory Body of the suitability and approval of non-prohibited non-audit services, should consider the existence of threats to the independence of the ROC/SROC namely situations of self-review, personal interest and representation. The non-audit services whose provision is forbidden or permitted are described hereinafter.

### **10.1 Non-audit services the provision of which is prohibited**

The ROC/SCROC of any entity (or any member of its Network) shall be prohibited from providing directly or indirectly to the audited entity, its parent company or the entities under its control, the non-audit services identified in article 77 (8) of the EOROC (Annex 1), as well as in the Group's internal regulations and in the local legislation of the audited entity.

### **10.2 Non-audit services the provision of which is allowed**

For the purposes of this Policy are deemed as permitted non-audit services, those which are not prohibited in accordance with the requirements of article 77 (8) of the EOROC and identified in Annex 2.

#### **When provided by an entity belonging to the ROC/SROC's network of any Group entity**

The permitted non-audit services provided by an entity part of the network of the ROC/SROC at any of the entities of the Group are subject to the issuance of a prior opinion from the Supervisory Body of the audited entity and to the approval by the CAUD of BCP. The engagement of these services must comply with the procedures defined in the Group's internal regulations, taking into consideration the type of services to provide and its fees.

#### **When provided by an entity which not belonging to the of ROC/SROC's network of any Group entity**

The process for the engagement of permitted non-audit services, provided by an entity which is not part of the ROC/SROC's network, at any of the entities of the Group, pertains exclusively to the Supervisory Body of the entity for which the ROC/SROC will provide the services, and that engagement must obtain a prior favourable opinion from the Audit Committee of BCP, in the cases when the amount set forth in the Bank's internal regulations is exceeded.

#### **Quantitative limits to the engagement of non-audit services**

The engagement of non-audit services obeys to quantitative criteria (concerning the total percentage of fees of the ROC/SROC), which are ruled by the Group's internal regulations, which comply with legal requirements.

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## **11. MONITORING AND CONTROL OF THE SERVICES PROVIDED BY THE ROC/SROC**

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The entity's Supervisory Body verifies and monitors the independence of the respective ROC/SROC, namely by monitoring the services provided and the fees invoiced, together with the Head of Compliance of each entity and of the Group.

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## **12. ENTRANCE INTO FORCE**

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This Policy has been approved by the GM held on 20 May 2021 and will enter into force on this date.

**ANNEX 1 - NON-AUDIT SERVICES PROHIBITED**

Services Scope	List of Services
1. Tax advising	Tax advising related with: <ul style="list-style-type: none"> <li>• The making of tax returns;</li> <li>• payroll taxes;</li> <li>• custom duties;</li> <li>• The identification of public subsidies and tax incentives, except if the support provided by the ROC/SROC regarding those services is required by law;</li> <li>• Support in inspections made by the tax authorities, except if the support provided by the ROC/SROC in relation to such inspections is required by law;</li> <li>• the calculation of direct and indirect taxes and deferred taxes;</li> <li>• provision of tax counselling.</li> </ul>
2. Management or decision making	The services involving any participation in the management or decision-making of the audited company.
3. Accounting records and financial statements	The making and booking of accounting records and of financial statements.
4. Wage processing	The wage processing services.
5. Internal control and risk management procedures	The making and application of internal control or risk management procedures regarding the making and/or control of the financial information or the design and application of the IT systems used to prepare such information.
6. Evaluation Services	The evaluation services, including evaluations regarding actuarial services or services supporting litigation processes.
7. Legal services	The juridical services regarding: <ul style="list-style-type: none"> <li>• provision of general legal advice.</li> <li>• trading on behalf of the audited entity;</li> <li>• acting as a representative in the resolution of litigation</li> </ul>
8. Internal Audit	The services related with the internal audit function of the audited entity.
9. Financing associated services	Services associated with the financing, capital structure and allocation and the investment strategy of the audited entity, except for the provision of reliability assurance services relating to the financial statements, such as the issuance of "Comfort Letters" relating to prospectuses issued by the audited entity, as per Section 9 (6)- "List of Non-Audit Services whose Provision is Authorised in the Group's Entities".
10. Brokerage services, investment or investment banking consulting services	The advertising, trading or underwriting of shares in the audited entity.
11. Human Resources services	The services concerning human resources regarding: <ul style="list-style-type: none"> <li>• The management positions able of exercising a significant influence on the preparation of accounting records or financial statements object of legal certification of accounts, whenever these services involve:                             <ul style="list-style-type: none"> <li>○ the selection or search for candidates for such positions;</li> </ul> </li> </ul>



Services Scope	List of Services
	<ul style="list-style-type: none"><li>○ the verification of the references of the candidates for the exercise of such positions;</li><li>• the configuration of the structure of the organisation;</li><li>• cost control.</li></ul>

**ANNEX 2 - NON-AUDIT SERVICES PROHIBITED**

Services Scope	Services Breakdown
1. Services associated with acquisitions or sales	<ul style="list-style-type: none"> <li>• Audits to acquisitions of entities for purposes of consolidation of accounts and/or accounting the acquisition;</li> <li>• Reviewing expert valuations of intangible assets (including goodwill) and allocating the respective purchase price.</li> </ul>
2. Due diligence services in purchase and sale operations	<ul style="list-style-type: none"> <li>• General due diligence to operations of the entity being purchased;</li> <li>• Interaction with other Statutory auditors or audit firms;</li> <li>• Intervention in disputes in acquisition or sale agreements.</li> </ul>
3. Audits to Employee Benefit Plans	<ul style="list-style-type: none"> <li>• Certification of the financial statements of defined contribution or defined benefit plans.</li> </ul>
4. Internal Control Reviews unrelated to audit	<ul style="list-style-type: none"> <li>• Expandable internal control procedures as part of the audit work</li> <li>• Review of procedures required by internal control reports.</li> </ul>
5. Assessments concerning accounting, financial reporting and regulatory matters	<ul style="list-style-type: none"> <li>• Gap-analysis regarding the adoption of accounting principles and standards and reporting standards, including regulatory framework, IAS/IFRS, EU laws and regulations, as well as laws and regulations of other countries and controlling compliance with own funds requirements and capital adequacy (e.g. Basel II) with a mitigation action plan.</li> </ul>
6. Issuance of "Comfort Letters"	<ul style="list-style-type: none"> <li>• Issuance of "Comfort Letters" associated with prospectuses and issues of securities relating to the audited entity.</li> </ul>
7. Certification services not required by law	<ul style="list-style-type: none"> <li>• Certification services which do not result from statutory or regulatory requirements.</li> </ul>
8. Fiscal services required by law	<ul style="list-style-type: none"> <li>• Support in inspections by tax authorities;</li> <li>• Identification of public subsidies and tax incentives.</li> </ul>
9. Security Services and Information Systems	<ul style="list-style-type: none"> <li>• Audit tests;</li> <li>• Review of the systems security procedures;</li> <li>• Review of the Business Continuity and Disaster Recovery plans;</li> <li>• Review of the IT Corporate Governance models;</li> </ul>
10. <i>E-Business - Analysis Services</i>	<ul style="list-style-type: none"> <li>• Review of processes and procedures.</li> </ul>
11. Training	<ul style="list-style-type: none"> <li>• Training services regarding contents and issues handled that do not cause situations of conflict of interests.</li> </ul>
12. Disclosure Services	<ul style="list-style-type: none"> <li>• Disclosure of new legislative and regulatory requirements.</li> </ul>
13. Review of responses to questionnaires and specific applications	<ul style="list-style-type: none"> <li>• Gap-Analysis services within the scope of the participation or inclusion in sustainability indexes, corporate social responsibility and ethical standards.</li> </ul>