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BANCO  
CARREGOSA

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Policy for the Selection of the  
Statutory Auditor (ROC) /  
Audit Firm (SROC) and for  
Contracting Non-Audit Services

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May-2023

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# Policy for Selection of the Statutory Auditor (ROC)/ Audit Firm (SROC) and for Contracting Non-Audit Services

General Meeting

## I. Versions Index

Date	Version	Description
Apr.2018	1.0	Creation of document.
Mar.2021	2.0	Rename the document to "Policy", in accordance with the description in Article 38 of Notice 3/2020. Update legislative sources and reference documents. Describe the competences in the policy approval, monitoring and implementation. Changes to the information required to assess the ROC/SROC's financial balance. Amend the list of documents to be included in the ROC/SROC assessment process. Define the criteria to be analysed by the Supervisory Committee (SC) as part of the ROC/SROC assessment. Review the requirements for the contracting of permissible non-audit services. Redefine transitional provisions.
Jun.2022	2.1	Formal revision of the Policy, in particular to adapt it to the Bank's new template. Update "III. Legislative Sources and Reference Documents". Update legal references, as some of the articles cited have since been repealed. Requirement to provide proof of insurance for the ROC in addition to the SROC. Possibility to indicate the full ROC and the alternate ROC to be included in the same application. Remove Transitional Provisions, as their period of applicability has already expired.
May.2023	2.2	Review legislative references and cross-references. Remove the annual limitation of fees previously provided for in Article 77(1) and (3) of the EOROC.

## II. Properties

### Proprietorship

General Meeting

### Proponent

Board of Directors

### Contributors



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Supervisory Committee

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**Approval**

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General Meeting, on 30 May 2023

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**Banco Carregosa Code**

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Strategy and Organisation | 1.22

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**Entry into Effect**

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31 May 2023

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**Scope of Disclosure**

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Public

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### **III. Legislative Sources and Reference Documents**

Banco de Portugal Notice 3/2020, of 15 July, regulating the internal governance and control systems and defining the minimum standards on which the organisational culture of entities subject to the supervision by Banco de Portugal must be based.

Portuguese Companies Code, approved by Decree-Law No 262/86, of 2 September.

Portuguese Securities Code, approved by Decree-Law No 486/99, of 13 November.

Decree-Law No 158/2009, of 13 July, approving the Accounting Standards System.

Document 'Joint Understanding of the Insurance and Occupational Pensions Supervisors, Banco de Portugal and CMVM on the articulation of competences between these authorities with regard to the assessment of the ROC/SROC for the exercise of functions in entities subject to the supervision by the ASF (Insurance and Pension Funds Supervisors) or BdP', approved at a meeting of the National Council of Financial Supervisors held on 3 January 2018.

"Fit and Proper Questionnaire – ECB Model", published by the European Central Bank on 20 May 2021.

"Guide to Fit and Proper Assessments", published by the European Central Bank in December 2021.

"Answers to frequently Asked Questions on the Articles of Association of the Register of Auditors and the Legal Framework for Audit Supervision", published by the CMVM, in the version updated on 18 February 2022 ([https://www.cmvm.pt/pt/AreadoInvestidor/Faq/Pages/FAQs\\_Auditoria\\_22.aspx](https://www.cmvm.pt/pt/AreadoInvestidor/Faq/Pages/FAQs_Auditoria_22.aspx)).

Articles of Association of 'Banco L. J. Carregosa, S.A.', approved by the General Meeting of Shareholders.

Banco de Portugal Order 23/2018, of 5 November, establishing the elements to be submitted by institutions with the application for authorisation to exercise the functions of members of the management and supervisory bodies, and setting the form of presentation thereof.

Law No 140/2015, of 7 September, approving the Articles of Association of the Register of Auditors (*Estatuto da Ordem dos Revisores Oficiais de Contas*).

Law No 148/2015, of 9 September, approving the Legal Framework of Audit Supervision.

Joint ESMA and EBA guidelines on the assessment of the suitability of members of the management body and of key function holders (EBA/GL/2021/06 or ESMA35-36-2319), published by Banco de Portugal in Circular Letter CC/2021/00000058.

EBA guidelines on ICT and security risk management (EBA/GL/2019/04) published by Banco de Portugal in Circular Letter CC/2020/00000029.

EBA guidelines on internal governance (EBA/GL/2021/05), published by Banco de Portugal in Circular Letter CC/2021/00000057.

Legal Framework of Credit institutions and Financial Companies, approved by Decree-Law No 298/92, of 31 December.

Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public interest entities.

CMVM regulation 4/2015 (Audit Supervision), published in the Portuguese Official Journal No 17/2016, Series II, of 26 January 2016, amended by CMVM Regulation 2/2017, published in the Portuguese Official Gazette No 64/2017, 2nd Supplement, Series II, of 30 March 2017;

#### **IV. Definitions, Abbreviations, and Acronyms**

**GM:** General Meeting (of Banco Carregosa).

**Bank:** Banco L. J. Carregosa, S.A..

**BdP:** Banco de Portugal.

**BoD:** Board of Directors (of Banco Carregosa).

**SC:** Supervisory Committee (of Banco Carregosa).

**EC:** Executive Committee (of Banco Carregosa).

**CMVM:** Portuguese Securities Market Commission.

**CSC:** Portuguese Companies Code.

**CVM:** Portuguese Securities Code.

**DL:** Decree-Law.

**EBA:** European Banking Authority.

**EOROC:** Articles of Association of the Register of Auditors.

**ISAs - International Standards on Auditing:** established by the International Auditing and Assurance Standards Board (IAASB).

**PMAG:** Chair of the General Meeting (do Banco Carregosa).

**Regulation (EU) No 537/2014:** EU Regulation No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public interest entities.

**RGICSF:** Legal Framework of Credit institutions and Financial Companies, approved by Decree-Law No 298/92, of 31 December.

**RJSA:** Legal Framework of Audit Supervision, approved by Law 148/2015, of 9 September.

**ROC:** Statutory Auditor.

**Company:** Banco L. J. Carregosa, S.A..

**SROC:** Statutory Audit Firm.





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## **A. Introductory Provisions**

### **A.1. Scope**

1. This Policy sets out the internal control procedures to be followed in the selection of the Bank's Statutory Auditor (ROC)/Audit Firm (SROC), in accordance with and for the purposes of the provisions of Article 16 of Regulation (EU) No 537/2014, and in the contracting permissible non-audit services with the Statutory Auditor (ROC)/Audit Firm (SROC) in office.

### **A.2. Competences**

2. The approval of this Policy is the responsibility of the General Meeting, acting on a proposal from the BoD after consultation with the SC.
3. The SC shall ensure that the policy is properly implemented in the institution and that it is periodically reviewed at least every three years.
4. The BoD and the SC, within their respective areas of responsibility, shall ensure that the Policy is disseminated internally to all employees and is also published on the Bank's website.
5. The SC is also responsible for:
  - i. selecting the ROC/SROC to be proposed to the GM for election and, where appropriate, to recommend any justified preference for one of them, in accordance with Article 16 of Regulation (EU) No 537/2014;
  - ii. checking and monitoring the independence of the ROC and SROC in office, in accordance with the law, including Article 6 of Regulation (EU) No 537/2014 and Article 78 of the EOROC, and in particular checking the appropriateness and approving the provision of services other than audit services, in accordance with Article 5 of Regulation (EU) No 537/2014;
  - iii. for the purposes of the preceding sub-paragraph, and without prejudice to any mid-term review that may be deemed necessary, preparing an annual report on the analysis of the information submitted to it in accordance with paragraph 82;
  - iv. informing the BoD of the results of the statutory audit and explaining how it has contributed to the integrity of the preparation and disclosure of financial information, and the role of the SC in this process;
  - v. monitoring the statutory audits of the separate and consolidated financial statements, in particular their execution, taking into account the findings and conclusions of the Portuguese Securities Market Commission (CMVM), as the competent authority for audit oversight, pursuant to Article 26(6) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014;
  - vi. ensuring that all analyses carried out in accordance with the preceding sub-paragraphs are duly recorded in the minutes of the meetings held by the said body;
6. Ensure that the members of the SC receive training at least every two years on these matters and on the responsibilities assigned to them by law and by this Policy.

### **A.3. Scope of Audit Services**

7. For the purposes of this Policy, the scope of the audit services to be provided by the ROC/SROC to the Bank, or to entities under its control shall include:
  - i. to carry out all the work necessary for the statutory audit of the Bank, in accordance with international accounting standards and other applicable legal and regulatory standards, in particular for the purposes laid down in Articles 262(2) and Article 451(1), both of the CSC;

- ii. the annual legal certification of the Bank's separate accounts and, where applicable, consolidated accounts, in accordance with the conditions of scope and form set out in Article 45 of the EOROC and in Article 10 of Regulation (EU) No 537/2014, in particular for the purposes of Article 263, in Article 289(1)(e), and in Article 451(2) and (3), all of the CSC;
  - iii. the annual preparation of an additional audit report to be submitted to the SC, in accordance with the conditions of scope and form set out in Article 11 of Regulation (EU) No 537/2014, in particular for the purposes set out in Article 263(5) of the CSC;
  - iv. the exercise of any other functions which, by law, require the specific independent intervention of statutory auditors in relation to certain financial matters concerning the Bank or entities under its control;
  - v. Other acts specific of the ROC or the SROC, inherent to other public interest tasks ascribed to them by law on an exclusive basis;
  - vi. other audit work required by legal and regulatory provisions, when necessary for the Bank or entities under its control to comply with such provisions, provided that the provision of such services does not involve a risk of infringement of provisions concerning incompatibilities, impediments or duties of independence and prevention of conflicts of interest;
  - vii. other audit work specifically requested by public authorities, such as regulators.
  - viii. for the purposes of the preceding paragraph, services for which the ROC/SROC does not express an opinion on the financial statements in accordance with ISA standards, in particular the review of financial statements with a limited level of assurance as to the reliability of quarterly, half-yearly or other periodic financial statements, shall not be considered as audit services.
8. The provision by the ROC/SROC to the Bank and to entities under its control of permissible non-audit services other than those referred to in the preceding paragraph shall be governed by the provisions of **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada..**

#### **A.4. Requirements for the Selection of the ROC and SROC**

9. The suitability of ROCs and SROCs to perform their duties in the Bank is subject to evaluation for the performance of their duties and during their term of office.
10. For the purposes of the preceding paragraph, the Bank's ROC and SROC shall meet the requirements of good repute, professional qualifications and experience, independence and availability set out in **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada.** and A.8. Availability.
11. In addition to the requirements set out in the preceding paragraph, the Bank's ROC or SROC must also meet the requirements set out in **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada.** to **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada..**
12. The persons to be appointed as ROC and SROC shall, prior to their appointment, provide the Company with all relevant information necessary to assess their suitability in the light of the requirements set out in the preceding paragraphs, including the information required as part of the authorisation or registration process with the relevant supervisory authorities.
13. Nominees must inform the Bank of any facts subsequent to the appointment or authorisation that change the content of the information provided under the preceding paragraph.
14. The SC shall be responsible for reviewing the requirements set out in paragraphs 9 to 11.



15. The SC shall also be responsible for reassessing the suitability of those elected to perform the duties of ROC/SROC if, during their term of office, subsequent facts arise which may affect compliance with the requirements.

#### **A.5. Good Repute**

16. In assessing good repute, account shall be taken of the manner in which the person concerned usually carries out their business, professional or personal activities or is engaged in their profession, in particular with regard to the aspects which reveal their ability to take prudent and considered decisions or to adopt behaviour compatible with the preservation of market confidence, taking into account all circumstances which make it possible to assess their professional conduct in the performance of the duties involved.
17. The assessment of good repute shall be made on the basis of objective criteria, based on as much information as possible about the past functions of the candidate for the office of ROC as a professional, the most striking features of their behaviour and the context in which their decisions were taken.
18. In assessing the adequacy of the Bank's ROC and SROC, account shall be taken, inter alia, of the circumstances, evidence or facts referred to in Article 148(2) and (3) of the EOROC and, mutatis mutandis, of the circumstances, evidence or facts referred to in Article 30-D, paragraphs (3) to (6) of the RGICSF.

#### **A.6. Professional Qualification and Experience**

19. ROC and SROC candidates shall demonstrate that they have the competence and qualifications required to perform their duties, acquired through academic studies or specialised training appropriate to the position to be held, and through relevant experience, the duration and responsibility of which are commensurate with the characteristics, complexity and size of the Bank, as well as the risks associated with the activity carried out by the Bank.
20. Previous training and experience must be sufficient to enable the ROC and SROC in such positions to understand the Bank's operations and activities, to assess the risks to which it is exposed and to critically analyse decisions taken.
21. Professional qualifications and experience shall be assessed on the basis of objective criteria, taking into account the *curriculum vitae*, which shall be as complete as possible with regard to each candidate's previous professional functions as ROC and SROC of the Bank.
22. In assessing the SROC's professional qualifications and experience, particular attention shall be paid to assessing the adequacy of the human, material and organisational resources required to carry out the SROC's duties in the Bank.
23. In assessing the information referred to in the preceding paragraphs, the Bank may take such steps as it deems necessary to verify with other sources the reliability of the information provided by each candidate for the position of ROC and SROC in the Bank.

#### **A.7. Independence**

24. The independence requirement is intended to prevent the risk of the ROC or the SROC being subject to undue influence by any other person or entity and to promote the conditions for the impartial exercise of their powers.
25. In assessing the independence of the Bank's ROC and SROC, account shall be taken, inter alia, of the evidence or facts referred to in Articles 71 and 78 of the EOROC and, in addition, of the circumstances, evidence or facts referred to in Article 31-A(2) of the RGICSF, adapted as necessary in relation to the Bank and the entities under its control.



26. In assessing the independence of the ROC and the SROC, it is also necessary to assess whether the performance of functions by the ROC or the SROC in other credit institutions, financial undertakings or other legal entities could influence the exercise of their functions in the Bank or in the entities under its control, in particular due to relevant risks of conflicts of interest arising from the pursuit of such professional activities.

#### **A.8. Availability**

27. The availability requirement is intended to ensure that the ROC and the SROC have the human resources, time and necessary means to perform their duties in an appropriate, diligent and competent manner in the Bank and in the entities under its control.
28. In assessing availability, it must be determined whether the simultaneous performance of duties by the ROC or SROC in other legal entities is likely to interfere with the performance of their duties in the Bank or in the entities under its control, in particular due to relevant risks of unavailability arising from the pursuit of such professional activities.

#### **A.9. Scope of Services Available**

29. The assessment of the suitability of a ROC/SROC must enable an assessment to be made of the scope, range, quality and suitability of the services provided by the SROC, including whether they are suitable for the provision of other audit services as described in **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada.** and other permissible non-audit services as described in **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada..**
30. The scope of services to be provided by the ROC/SROC shall be assessed on the basis of objective criteria, taking into account the *curriculum vitae*, which shall be as complete as possible with respect to each candidate's past professional functions as ROC and SROC

#### **A.10. Compulsory Insurance**

31. In assessing the suitability of the SROC, the adequacy of the cover of the compulsory third party liability insurance that the SROC is required to take out under Article 87 of the EOROC shall be taken into account.

#### **A.11. Price and Related Conditions**

32. The assessment and selection of the ROC/SROC shall be carried out in accordance with the principle of proportionality and the proposed price and related conditions shall take into account, inter alia, the nature, size and complexity of the activity of the Bank and of the entities under its control and the requirements and responsibilities associated with the specific tasks to be performed, without prejudice to the principle set out in Article 59(3) of the EOROC.
33. The assessment of the price proposal and related terms and conditions shall cover the provision of the minimum audit services as set out in **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada..**, as well as the provision of other permissible non-audit services in accordance with the expected needs of the bank and its controlled entities.
34. In assessing the price proposal and related terms and conditions, the SC shall consult the BoD on the assessment of any request to exercise the Bank's ROC/SROC functions.



## **B. Selection Procedures**

### **B.1. Responsibilities of the Chair of the General Meeting**

35. In each calendar year in which the election of the ROC/SROC is to be held, the Chair of the General Meeting (PMAG) shall set, sufficiently in advance of the date on which the election is to be held at the General Meeting, and in any case not later than 31 January of the same year, the deadline for receiving the Shareholders' proposals for the exercise of functions of ROC/SROC of the Bank, together with all the required documents as provided for in section **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada..**
36. For the purposes of this Regulation, the PMAG shall also be responsible for:
- i. receiving and checking the completeness of all application documents for the position of ROC/SROC of the Bank, in accordance with Section **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada.;**
  - ii. setting a time limit for the SC to issue the opinion provided for in Section **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada.,** taking into account the number of application dossiers received, in compliance with the time limit set out in paragraph 51;
  - iii. use its best endeavours to ensure that the information required by law to be made available to shareholders in respect of the election of the ROC and the SROC by the GM is made available to shareholders in a timely manner in accordance with legal and regulatory requirements.
37. In setting the time limit referred to in paragraph 35 and the period referred to in sub-paragraph ii) of the preceding paragraph, the PMAG shall take into account of the fact that the selection and assessment process, including the issuance of the opinion of the SC of the opinion as provided for in Section **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada.** shall be completed no later than 30 days before the date on which the election is scheduled to take place at the GM.

### **B.2. Proposals and Documentary Evidence**

38. One or more shareholders may propose the election of a ROC/SROC, pursuant to Article 378(1) of the CSC.
39. No shareholder may propose more than one candidate to perform the functions of ROC and SROC of the Bank.
40. The assessment of compliance with the requirements set out in paragraph 38 is based on the updated records in the Company's share register.
41. It is the responsibility of the proposing shareholder(s) to arrange with the effective and alternate ROC and SROC to be proposed for election at the GM for the preparation of an application file, in accordance with the following paragraphs.
42. Each application dossier shall contain information on the proposed effective ROC/SROC and the proposed alternate ROC/SROC.
43. The application dossier for each proposed ROC and SROC shall be accompanied by the following documents:
- i. a memorandum containing information equivalent to that required under Article 9 of the RJSA for the purpose of registering the ROC and SROC with the CMVM, together with the documents supporting the information contained therein;
  - ii. a memorandum describing the internal organisation of the ROC/SROC, including, in particular:



- a. a summary of the policies, procedures and operation of its internal quality control system;
  - b. measures taken to remedy any non-compliance with legal requirements relating to statutory audit, including those arising from Regulation (EU) No 537/2014;
  - c. method for monitoring incompatibilities and impediments;
  - d. procedure for the follow-up of non-audit services;
  - e. method for monitoring the fees in relation to total fees, in accordance with the provisions of Article 77(6) of the EOROC;
  - f. procedure for the appointment of the Statutory Auditor responsible for the internal quality control of the work;
  - g. procedure for monitoring the internal quality control of the work.
- iii. a detailed *curriculum vitae* of the ROC and the SROC, containing information equivalent to that set out in Annex I to BdP Notice 23/2018, *mutatis mutandis*;
  - iv. mention of the knowledge and experience of the ROC and SROC in assessing IT controls;
  - v. identification of the resources allocated to the work to be carried out and a breakdown of the time spent by professional category;
  - vi. valid and current criminal record certificates of the ROC and SROC issued by the relevant authority in the country of origin or by the relevant authority in the country of residence, if different from the former;
  - vii. a copy of the compulsory civil liability insurance policies required of ROCs and SROCs in accordance with Article 87 of the EOROC;
  - viii. memorandum justifying the review of the statutory independence requirements of the ROC and the SROC, including evidence from the Bank and its controlled entities of the following:
    - a. verification of the independence requirements set out in Articles 71 and 73 of the EOROC;
    - b. verification and documentation of the requirements set out in Article 78 of the EOROC;
    - c. failure to verify any of the incompatibilities set out in Article 89 of the EOROC;
    - d. failure to verify any of the impediments set out in Article 91 of said EOROC.
  - ix. a copy of the ROC's and SROC's transparency reports, drawn up in accordance with Article 62 of the EOROC, covering the last three financial years;
  - x. Optionally, a memorandum containing any other information that the ROC or the SROC considers relevant for the assessment of their application, in particular with regard to the ability to provide permissible non-audit services in accordance with Section **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada..**
44. Each application dossier for the position of ROC/SROC shall be supported by an application signed by the respective proposing shareholder(s) and submitted to the PMAG together with the documents referred to in the preceding paragraph. Where applicable, the proponent(s) shall identify the omission or waiver of any of the documents referred to in paragraph 43.
45. If the ROC or SROC fails to provide any of the documents referred to in paragraph 43, it shall provide a justification for such failure and may invoke a reasonable excuse for such failure.
46. The PMAG shall be responsible for verifying first-hand the completeness of each application dossier.

47. If an application dossier is found to be incomplete, the PMAG shall notify the applicant(s) to ensure that the missing elements are provided within no more than 2 working days, without prejudice to the time limit set out in paragraph 35.
48. Upon expiry of the time limit set out in the preceding paragraph, the PMAG shall reject the application file and notify the proponent shareholder(s) as well as the SC and the BoD of the Bank of such decision, stating the reasons.
49. If only one application dossier is submitted for the renewal of the term of office of the ROC/SROC, the PMAG may, with the prior favourable opinion of the SC, exempt the respective applicant from submitting some of the documents referred to in paragraph 44., provided that the company already has information of similar content, effectiveness and timeliness.

### **B.3. Issue of opinion by the Supervisory Committee**

50. At the end of the period referred to in paragraph 35, and without prejudice to paragraph 47, the PMAG shall forward to the SC the application dossiers duly completed in accordance with the preceding paragraph.
51. Together with the application documents to be submitted to the SC, the PMAG shall set the deadline for the SC to issue an opinion as provided for in Article 16(2) of Regulation (EU) No 537/2014, which shall not be less than 15 days.
52. The SC shall assess the documentation relating to each application dossier and prepare the opinion provided for in Article 16(2) of Regulation (EU) No 537/2014.
53. Whenever it deems it necessary, in particular to ensure the smooth running of the assessment procedure, the SC may request clarification and additional information directly from the ROC or the SROC identified in each application dossier.
54. The Chair of the SC shall inform the PMAG of any request made to the ROC or the SROC under the provisions of the preceding paragraph, as well as the candidate's response thereto.
55. The time limit set by the PMAG in paragraph 52 shall be suspended for such time as the SC allows for the ROC or the SROC to provide clarification or additional information.
56. In drawing up its opinion, the SC shall determine how the selection criteria described in the following paragraph have been assessed.
57. The selection criteria used and their respective weightings are as follows:
  - i. reputation and technical and professional experience of the service provider in the banking and financial sector – 20%;
  - ii. *curriculum* and professional experience of the team providing the services, including the assessment of IT controls, in particular for work carried out in the banking and financial sector – 20%;
  - iii. the quality and completeness of the proposal submitted, in particular as regards the internal organisation of the ROC/SROC and its quality control system, planning, working methods and ability to meet deadlines and respond to requests – 20%
  - iv. the ability to monitor independence requirements and avoid conflicts of interest to ensure the quality of audit work. – 20%;
  - v. prices and other commercial terms – 20%.
58. In the event of the renewal of the term of office of the ROC/SROC, the SC shall evaluate the performance during the current term of office and the previous term of office, as well as the matters provided for in Article 3(d) and (e) of Law 148/2015.





59. Except in the case of renewal of the term of office of the incumbent ROC/SROC, in accordance with Article 16(1) and (2) of Regulation (EU) No 537/2014, the SC's opinion shall include at least two options for the term of office and, if the SC considers it desirable, a duly reasoned preference for one of the options.
60. In its assessment of each application dossier, the SC may decide, for duly justified reasons, that the application is ineligible.
61. In formulating its opinion, the SC shall respect the requirements of equivalence, independence and impartiality.
62. The opinion of the SC shall expressly state that any recommendation or preference expressed therein is free from the influence of third parties and that no clause of the type referred to in Article 16(6) of Regulation (EU) No 537/2014 and in Article 50(3) of the EOROC has been imposed thereon.
63. The SC shall forward its final opinion to the PMAG and the BoD, accompanied, where appropriate, by the explanations of vote given by the SC members in the context of the vote on its approval.
64. For the purposes of this Regulation, the EC shall, in particular:
  - i. ensure that the opinion of the SC, together with the explanations of vote referred to in paragraph 63., if any, are available for inspection by shareholders at the Company's registered office for a period of 15 days prior to the date of the General Meeting, together with the other information and documents referred to in Article 289 of the CSC, in accordance with the provisions of Article 16(3) of the Company's Articles of Association;
  - ii. Ensure that the opinion issued by the SC is made available at the meeting of the elective General Meeting for consultation by all shareholders attending the meeting, together with the explanations of vote referred to in paragraph 63.;
  - iii. ensure that the PMAG and the SC have all the logistical and operational support necessary to fully implement the procedures set out in this Regulation.

#### **B.4. Election of the ROC/SROC by the General Meeting**

65. The presentation to the GM of the proposals for the election of the ROC/SROC shall depend on the initiative of the shareholders, but may only include the proposals considered eligible in the opinion issued by the SC under Section **Erro! A origem da referência não foi encontrada.. Erro! A origem da referência não foi encontrada..**
66. The PMAG shall consider each proposal for the election of the ROC/SROC in accordance with the provisions of the preceding paragraph.
67. If a proposal put to the vote by shareholders differs from the recommendation or preference declared by the SC, the proposal shall state the reasons why it has not adopted that recommendation or preference.
68. Where more than one proposal is put to the vote, the election of the ROC/SROC shall be conducted in accordance with the majority voting rules laid down by law.
69. If the vote results in the election of a ROC/SROC which is not in accordance with the recommendation or preference of the SC, this shall be recorded in the minutes of the GM and the PMAG shall ensure that this is done.

## **C. Non-audit Services**

### **C.1. Prohibited Services**

70. The ROC or the SROC conducting the statutory audit of the Bank, or of any member of the network to which such ROC or SROC belongs, is prohibited from providing, directly or indirectly, to the Bank or any entity under its control the non-audit services identified in Article 5(1) of Regulation (EU) No 537/2014.
71. The prohibition referred to in the preceding paragraph shall apply:
- i. for the period between the start of the audit period and the date on which the corresponding legal certificate is issued;
  - ii. in respect of the services referred to in Article 5(1)(e) of Regulation (EU) No 537/2014, also during the financial year immediately preceding the period referred to in the preceding sub-paragraph.

### **C.2. Provision of Permissible Non-audit Services**

72. The ROC or the SROC in office may provide permissible non-audit services to the Bank or any entity under its control only with the reasoned approval of the SC.
73. For the purposes of the preceding paragraph, the BoD shall request the SC to issue an opinion, accompanied by the following documents:
- i. characterisation of the services and reasons for awarding the contract;
  - ii. description of the procedures followed in the selection of the ROC/SROC for the contracted services, including whether the selection was based on a public tender or consultation, or whether it resulted from a direct award, including:
    - a. in the case of a direct award, the reasons for that choice;
    - b. in the case of a tender or consultation, information on the terms of the various tenders and the reasons for the choice made.
  - iii. a statement issued by the ROC/SROC that the service in question is not legally classified as a prohibited service and that the award of the service will not jeopardise their independence, in particular by creating a situation of self-review, personal interest, representation, familiarity, trust or intimidation.;
  - iv. information on maximum charges for the provision of the service to be contracted;
  - v. draft contract or the terms and conditions of the service to be contracted;
  - vi. information on the total value of contracts to be awarded to the ROC/SROC that have already been approved in the calendar year to which the application relates;
  - vii. identification and composition of the network to which the ROC/SROC belongs, if applicable.
74. The SC shall approve the engagement of the ROC/SROC for non-audit services if it concludes that:
- i. The provision of a prohibited service under Article 5 of Regulation (EU) No 537/2014 is not at issue.;
  - ii. according to the standard of an objective, reasonable and informed third party, the provision of the service must not create a potential threat to the independence and objectivity of the ROC/SROC, in particular by not creating a situation of self-review, personal interest, representation, familiarity, trust or intimidation;
  - iii. the contracting of this service by the Bank or its controlled entity must comply with the maximum statutory fees applicable to the provision of non-audit services, in particular the limits set out in paragraphs 77 et seq.;

- iv. the necessary measures to ensure the independence of the ROC/SROC, as defined in the EOROC, are ready to be implemented.
75. The Board is responsible for ensuring that non-audit services are procured within the limits set out in (iii) above.
76. Should the SC take the initiative to request permissible non-audit services, the award of such services shall be subject to the prior favourable and duly reasoned decision of the BoD and the provisions of the preceding paragraph shall apply, adapted as necessary.
77. Where the incumbent Statutory Auditor/SROC provides permissible non-audit services to the Bank or its controlled entities over a period of three or more consecutive financial years, the total fees payable for such services shall not exceed 70 per cent of the average of the fees paid over the last three consecutive financial years for the statutory audit of the accounts of the Bank and its controlled entities and the consolidated accounts of that group of entities.
78. For the purposes of the preceding paragraph:
- i. non-audit services required by law and provided by the ROC/SROC to the Bank and entities under its control are excluded from the limit;
  - ii. the non-audit services must have been provided by the ROC and SROC to the Bank and entities under its control during the relevant period.
79. If the total fees received from the Bank in each of the last three consecutive financial years exceed 15 per cent of the total fees received by the ROC or the SROC or, where applicable, the ROC of the group carrying out the statutory audit, in each of those financial years, the ROC or the SROC shall inform the SC and together they shall analyse the threats to their independence and the safeguards to be applied to mitigate such threats.
80. If the limit set out in the preceding paragraph is exceeded, the SC shall consider whether the statutory audit should be subject to a quality control review by another ROC or SROC prior to the issuance of the legal certification of the accounts.
81. If the fees received by the Bank and entities under its control exceed 15 percent of the total fees received by the ROC or SROC or, where applicable, the ROC of the group carrying out the statutory audit, the SC shall assess and objectively decide whether the ROC and SROC may continue to carry out the statutory audit for an additional period, which shall not be more than two years.

### **C.3. Reporting Obligations to the Supervisory Committee**

82. The ROC and the SROC auditing the Bank's accounts shall:
- i. confirm annually in writing to the SC their independence from the Bank;
  - ii. annually report to the SC on any additional services provided to the Bank;
  - iii. discuss with the SC the threats to their independence and the safeguards in place to mitigate those threats, which should be adequately documented.
83. the information referred to in sub-paragraphs (i) and (ii) of the preceding paragraph shall be provided prior to the preparation of the legal certification of the Bank's accounts.

