

GROUP BCP  
ANNUAL REPORT

**REPORT FROM THE INTERNAL CONTROL SYSTEM ON  
THE FIGHT AGAINST CORRUPTION**

2023

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## 1. FRAMEWORK

Under the terms of the Resolution of the Council of Ministers No. 37/2021, of April 6, the National Anti-Corruption Strategy 2020-2024 ("ENAC") was approved, which reinforced the need to establish prevention mechanisms linked to corruption phenomena.

Thus, in December 2021, three diplomas were approved that brought several provisions in terms of prevention and repression of corruption. One of these diplomas is Decree-Law No. 109-E/2021, of December 9 ("DL No. 109-E/2021"), which created the National Anti-Corruption Mechanism ("MENAC") and established the General Regime for the Prevention of Corruption ("RGPC"), which entered into force on June 7, 2022.

The RGPC established new obligations, which include the adoption and implementation of a regulatory compliance program, which in turn must include a plan to prevent risks of corruption and related infractions.

To comply with this obligation, and observing the values and principles by which the Group Banco Comercial Português ("BCP Group") governs its activity, under the Plan for the Prevention of Risks of Corruption and Related Infractions of the Entities of Group Banco Comercial Português in Portugal [Plan for the Prevention of Corruption and Related Infractions](#) (hereinafter referred to as "PPRC"), this Annual Report on the Internal Control System to fight against Corruption ("Report") has been prepared.

## 2. OBJECTIVE AND REPORTING MODEL

This Report is made by the Compliance Office ("COFF"), in conjunction with the other internal control units, the Risk Office ("ROFF") and the Audit Division ("DAU"), with the purpose of reporting to the Compliance and Operational Risks Commission the status of the prevention of the risk of corruption and related infractions, in line with the PPRC and other regulations associated with this subject, as well as their adequacy, especially on the internal control system for combating corruption.

For this purpose, the time interval from 1 January 2023 to 30 September 2023, was adopted as the reference period<sup>1</sup>.

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<sup>1</sup> This period of time results from the fact that this is the 1st report. In the future, the reports will be made with reference from April (annual) to October (interim, if applicable) of each year, in compliance with the PPRC.

### 3. PREVENTION OF THE RISK OF CORRUPTION AND RELATED INFRACTIONS IN BCP GROUP

The Code of Conduct of BCP<sup>2</sup> sets forth in its article 9. its commitment to repel any manifestation of corruption.

BCP Group's Employees, members of the management and supervisory bodies ("MMSB") and Outsourcers (hereinafter referred to as "People") must refrain from participating (actively or negligently) in circumstances that may facilitate the occurrence of acts that may be associated with such behaviours or other associated with them. In addition, the BCP Group incorporates in its internal regulations the best practices and procedures for the prevention and repression of corruption in its internal control mechanisms.

In order to ensure the consistency of this concern at the level of the BCP Group, the COFF verifies the transposition of article 9 into the Codes of Conduct of its subsidiaries, thus seeking to ensure that the other Entities of the Group embrace the same level of diligence that is instilled in BCP.

During the reference period, the prevention of the risk of corruption and related infractions in the BCP Group was safeguarded by the practices of the internal control and governance system in force, based on the implementation and execution of permanent controls, rules and procedures that contribute to the prevention and mitigation of possible situations of corruption, of which we point out:

- i. Policies and Regulations;
- ii. Whistleblowing channels for irregular situations;
- iii. Training;
- iv. Communication and Reporting Circuits;
- v. Identification of the most significant Risks;
- vi. Evaluation of the system to fight against corruption and related infractions.

The BCP Group has implemented several mechanisms, both direct and indirect, with the aim of preventing and mitigating potential cases of corruption. These mechanisms are duly established in our internal regulations and are implemented through the behaviours we promote among our People.

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<sup>2</sup> The provisions of which are transposed into the codes of conduct of the subsidiary companies.

### 3.1 Main Policies and Regulations

The following internal regulations form the backbone of a sound and transparent corporate governance.

These policies are designed to establish a clear set of principles and procedures, aimed at promoting a culture of honesty, responsibility, and rigour.

Code of Conduct	Policy for the Management and Processing of Claims
Anti-Corruption Policy and Regulation	Policy for the Prevention of Money Laundering and Terrorism Financing
Policy for the Management and Prevention of Conflicts of Interest	Policy for the Approval of New Products
Policy on the Communication of Irregularities/Whistleblowing	Credit Granting, Monitoring and Recovery Policy
Policy of Related Parties	Authorisation of expenses, negotiation and adjudication of purchases
Anti-Corruption and Anti-Bribery Policy	

Through these Policies, it is possible to verify that, among other procedures, the BCP Group:

- a) Uses an information system, transversal to all its Areas/Employees, which allows the identification of reputational risks and those related to the practice of financial crimes, including corruption, prior to the start of the banking relationship;
- b) Has dedicated tools for transactional monitoring, identifying atypical or suspicious situations in obtaining funds, whose origin is doubtful and may constitute corruption practices or related infractions;
- c) Identifies and implements procedures for an enhanced monitoring of special business relationship groups, with particular emphasis on the category of politically exposed persons;
- d) Has multi-party systems to ensure that several persons or decision-making bodies participate in various processes, such as Credit, Contracting Services, Recruitment or Dealing-Room;
- e) Ensures that there is a separation of the duties of the person (or persons) who contacts (or is contacted by) the service provider or customer, the person (or persons) who has the capacity to decide, or the person (or persons) who executes the decision;

- f) In credit granting, it adopts risk models, decision workflows and customer information validation systems that prevent an individual employee from having the power to decide on the approval or conditions of a credit operation;
- g) Disposes of specific procedures when there are transactions that require a more specialised hierarchical approval chain, which includes the intervention of internal control functions, namely:
  - i. The control of gifts within the entities that compose the BCP Group requires that any offer received by a Group employee or a MMSB must comply with the rules set out in the Code of Conduct and may involve, depending on the situations described therein, a prior opinion from the COFF and a resolution adopted by the Audit Committee (“CAud”) or supervisory body of a Group Entity;
  - ii. The transactions involving Related Parties, due to their possible level of influence, require the prior opinions of the COFF and ROFF, the approval of the EC or the Board of Directors (“BoD”), with the prior opinion from the supervisory body, depending on the characteristics of the transaction;
  - iii. The contracting of services is subject to internal procedures to analyse and validate their necessity, including budgetary control, which are provided for in internal regulations and through an approval process that requires the intervention of Commissions and Sub-Commissions in which several employees and Members of the EC participate;
- h) Prohibits the granting of credit to MMSB<sup>3</sup>;
- i) It requires the signing of a "Declaration of Conflict of Interest" by those involved in processes such as Recruitment or Contracting of Services (example: Employees who are in a conflict of interest because they have a family or corporate relationship with the counterparty);
- j) It requires the issuance of a declaration stating that the donation is granted without compensation and, in the case of sponsorship, a description of the compensation of a pecuniary or commercial nature of the Bank, quantifying them, when applicable in the attribution and acceptance of Donations and Sponsorships. Likewise, requirement of the legal quality of the entity receiving donations - that is, the qualification or not of the beneficiary entity in Article 62-A of the Tax Benefit Statute.

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<sup>3</sup> In accordance with article 85 of the RGICSF.

## 3.2 Whistleblowing channels for irregular situations

The BCP4 has channels where employees and third parties can report irregularities, commonly known as whistleblowing, and can receive whistleblowing reports on possible acts of corruption and related infractions.<sup>5</sup>

The report of irregularities may be submitted in writing, verbally or at a meeting, anonymously (or non-anonymously), or through the internal portal<sup>6</sup>.

If the whistleblower chooses to report the irregularity anonymously, using the encrypted personal data reporting functionality, the Group ensures that the record of the communications is encrypted, so that the supervisory body or any other corporate body of the Group will not have access to any data of the whistleblower.

These whistleblowing reports may not serve as grounds for any disciplinary procedure, civil or criminal proceedings, discriminatory practice or act of retaliation against the whistleblower who meets the protection conditions provided for in the Law.

The whistleblowing channels aim to prevent, detect and sanction irregularities concerning legal or regulatory provisions, including matters relating to corruption and other related matters committed against or through the Group.

Potentially irregular activities and behaviour that could lead to a breach of the Code of Conduct and/or the possible perpetration of a criminal infraction may be reported by confidential means as identified above.

Personal data collected as a result of whistleblowing are kept for a 5-year period and, regardless of this period, during the pendency of judicial or administrative proceedings relating to the whistleblowing report.

The internal control areas certify that the whistleblowing channels comply with all legal requirements, namely with regard to the provision of anonymous reporting means and that any person qualified as a whistleblower enjoys the protection conferred by law and cannot be prosecuted for his/her reporting.

## 3.3 Training

BCP Group has several processes in place to ensure that our People are permanently informed of the latest changes and new regulations on the anti-corruption system and related infractions, and have the ability to identify,

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<sup>4</sup> As well as the other entities that are part of the BCP Group in Portugal, where ActivoBank and Interfundos stand out.

<sup>5</sup> Pursuant to the provisions of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 transposed into the national legal order by Law No. 93/2021 of 20 December.

<sup>6</sup> Or using specific addresses, in the particular case of BCP Group Entities that have an autonomous channel for this purpose.

mitigate and report any conduct that is (or may be) considered likely to contribute to the risk of corruption or its related infractions.

This guarantee is implemented through the following internal training processes:

- a) The first relates to the disclosure on the intranet and website of each Group Entity of the Plan for the Prevention of Corruption and Related Infractions, the Code of Conduct and other internal regulations applicable to the subject of corruption.
- b) The second is associated with *stricto sensu* training as training actions provided, both internally and by certified service providers for this purpose, which cover the regulatory system that focuses on the subject of corruption, the internal systems to fight it and other recommendations and best practices that are applicable to them.
- c) The third relates to disclosures on the intranet that cover informative reminders with practical cases of situations likely to be at risk of corruption contrasted with the conduct that is expected of our People.

### 3.4 Communication and report circuits

If any of the Persons detects any situation that may constitute a case of corruption (potential or actual), they must immediately report the situation to the Compliance Officer, who, in turn, within a maximum period of two working days, will notify the BoD, the EC and the CAud of BCP (and, if applicable, also the management and supervisory bodies of the Group Entity).

The Compliance Officer issues an opinion identifying the situation and the mitigation measures that he/she considers necessary to implement to address them, involving, if necessary, the DAU or any other Division. This opinion will be forwarded to the EC and CAud of BCP (and if applicable also to the management and supervisory bodies of the Group Entity), and both committees may decide to implement additional measures.

All situations identified in the previous paragraphs are identified and described in the annual report and,<sup>7</sup> if the Compliance Officer considers a certain situation to be high risk, it will be reported through the interim report<sup>8</sup>.

To this end, in 2023 the Bank improved its permanent database where it records, processes, and archives all incoming communications.

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<sup>7</sup> In April of the year following the year to which the implementation relates, of annual evaluation report, containing in particular the quantification of the implementation degree of the preventive and corrective measures identified, as well as the forecast for their full implementation.

<sup>8</sup> In the month of October, in situations identified as high or maximum risk.



The COFF and DAU strive to ensure that BCP Group has systems in place to adequately address any complaints regarding corruption cases.

### 3.5 Main risks

Given the scope of the activities carried out by BCP Group, the following areas with greater exposure to corruption risk were identified, which the PPCR sought to identify, and where the internal control system has specific mechanisms to address them.

Each banking activity and process potentially most exposed was classified according to the risk of corruption found, based on the methodology described in the PPCR. Thus, the following table presents the result of the classifications assigned to each potentially most exposed banking activity and procedure (residual risk classification), which was assessed and approved by the Compliance and Operational Risks Commission on July 20, 2023.

**Classification of residual risk for activities and banking processes potentially more exposed**

Activities and banking process potentially more exposed	Probability of occurrence	Severity of impact	Classification of residual risk
Authorisation of extra-professional activities	Low	Low	Low
Analysis of suspicious situations of Money Laundering and Terrorist Financing	Low	Moderate	Low
Commercial customer service	Low	Moderate	Low
Awarding and accepting donations and sponsorships	Low	Low	Low
Credit Granting	Low	Moderate	Low
Procurement of Goods or Services	Low	Moderate	Low
Management of judicial and administrative proceedings	Low	Moderate	Low
Preparation of financial and accounting information	Low	Moderate	Low
Recruitment	Low	Low	Low
Transactions in Financial Markets	Low	Moderate	Low

Of the risks identified herein, we consider that the preventive and corrective measures that BCP Group has in place in its internal control systems are adequate and sufficient.

The COFF highlights an absence of events that trigger the need to amend and correct the assessments of banking activities and processes potentially most exposed to the risk of corruption and related infractions.

## 4. MONITORING OF CONTROLS

BCP Group maintains strict control and monitoring through a trio of robust measures. First, it ensures a consistent update of internal regulations, adapting quickly to the constant evolution of the reality of BCP Group's activity. Second, it establishes autonomous and accessible channels for reporting irregularities, promoting an environment of transparency and accountability. Third, BCP Group is committed to continuous training programs, providing its employees with the knowledge and skills necessary to maintain the highest standards associated with banking practice. Together, these measures form a comprehensive framework that protects the integrity of the activities pursued by BCP Group.

### 4.1 Updated standards

To substantiate our conclusions, we conducted an assessment to the rules to which BCP Group resorts, directly or indirectly, to address the risk of corruption. This analysis revealed that BCP Group keeps a constant update of the regulations that guide its activity, thus ensuring regular and continuous compliance with the applicable standards and best practices.

Standard	Number of reviews 01-01-2022 to 30-09-2023	Date	Scope of Application
Anti-Money Laundering and Counter Financing of Terrorism Policy	2	29-06-2022 23-12-2022	BCP Group
Code of Conduct	2	29-06-2022 29-07-2023	BCP Group
Policy for the Prevention and Management of Conflicts of Interests	1	39-06-2022	BCP Group
Authorisation of charges, negotiation and award of purchases, authorisation of payments and processing of invoices	1	20-04-2022	BCP Group in Portugal
Credit granting, monitoring and recovery	7	29-01-2022 31-05-2022 26-10-2022 27-12-2022 25-02-2023 30-08-2023 30-09-2023	Banco Comercial Português Banco ActivoBank
Development of Products and Services	3	07-07-2022 12-05-2023 01-07-2023	BCP Group in Portugal
Policy on the Communication of Irregularities	1	28-06-2023	Banco Comercial Português Banco ActivoBank
Related Parties Policy	2	29-06-2022 28-06-2023	Banco Comercial Português Banco ActivoBank
Policy for the Management and Processing of Claims	0	Under review at the time of this report	Banco Comercial Português Banco ActivoBank
Prevention of Corruption Risks and Related Infractions	1	05-07-2023	BCP Group in Portugal
Anti-Corruption and Anti-Bribery Policy	1	16-03-2023	BCP Group

## 4.2 Report of Irregularities

During 2023, BCP Group monitored and analysed all the irregularities reported, seeking to assess whether any of them presented grounds for further investigation. Those that have been shown to have solid foundations have been duly investigated with the greatest diligence. The list presented here reflects the circumstances detected and investigated up to the 3rd quarter of this year.

Report	Group Entity	Classification	Capacity
Alleged Irregularity related to the use of Social Networks	BCP	Non-Anonymous	It was not considered an irregularity and therefore is not considered to be a circumstance of corruption or related infraction
Alleged Irregularity related to Employees	BCP	Non-Anonymous	It was not considered an irregularity and therefore is not considered to be a circumstance of corruption or related infraction
Alleged Irregularity related to the Duty of Bank Secrecy	ActivoBank	Non-Anonymous	Although the complaint was classified generically as an irregularity, it was not classified as corruption or a related infraction
Alleged Irregularity related to Employees	ActivoBank	Anonymous	It was not considered an irregularity and therefore is not considered to be a circumstance of corruption or related infraction
Alleged Irregularity related to a phishing circumstance	BCP	Non-Anonymous	It was not considered an irregularity and therefore is not considered to be a circumstance of corruption or related infraction
Alleged Irregularity in connection with a contract to which the Bank is not a party	BCP	Anonymous	It was not considered an irregularity and therefore is not considered to be a circumstance of corruption or related infraction
Alleged Irregularity related to a person's access to the premises of the BCP Group	BCP	Anonymous	Although the complaint was classified generically as an irregularity, it was not classified as corruption or a related infraction
Alleged Irregularity related to Employees	BCP	Anonymous	Although the complaint was classified generically as an irregularity, it was not classified as corruption or a related infraction
Alleged Irregularity related to the Duty of Bank Secrecy	BCP	Non-Anonymous	Although the complaint was classified generically as an irregularity, it was not classified as corruption or a related infraction
Alleged Irregularity related to Employees	BCP	Non-Anonymous	The matter is still under internal analysis; however, it will not be qualified as corruption or related infraction.

Thus, according to the summary table identified below, it can be seen that having analysed the 10 communications received through the internal portal or other existing channels contemplated by Law for this purpose, we found that none of them meets the necessary requirements to be qualified as corruption or related infraction.

	Total Reports	Anonymous	Non-anonymous	Corruption Cases
BCP	8	3	5	0
ActivoBank	2	1	1	0

It should be noted that BCP Group maintains the highest levels of diligence to ensure that all possible irregularities, whatever the channel, are detected, categorized and analysed, and the internal processes provided for this purpose are duly applied.

### 4.3 Training

BCP Group, within the scope of its internal communications, during the year 2023 published 6 news items on the intranet, directly and indirectly addressing the issue of corruption and related infractions, in order to ensure that its People are fully aware of the applicable regulations.

	Suspicion indicators	In the name of transparency: Financial Information Unit Report	100% Compliance: Code of Conduct - Conflict of Interest and Zero Tolerance to Corruption
Date	17-01-2023 24-01-2023 07-02-2023 21-03-2023	20-06-2023	30-09-2023 (continued in October)

To ensure a culture of transparency and communication, under the news we have also disclosed the means through which our People and third parties have the possibility to report irregularities. This reflects our firm commitment to promoting an ethical and honest work environment where everyone feels comfortable reporting irregularities.

BCP Group is developing a training programme to address issues related to corruption and associated infractions in more detail in addition to the training already present on the Code of Conduct, which also addresses the topic of corruption and is, in itself, frequently updated. This training is planned to be delivered during the first quarter of 2024.

This approach follows recognized best practices in the sector and aims to not only comply with regulatory requirements but also promote an organizational culture that values ethics, transparency, and compliance. In this way, we reflect the highest standards in the market and reinforce our commitment to integrity in all our operations.

#### 4.4 Registered events

The COFF has not registered any circumstance, either by action or omission, that substantiates the practice of the crime of corruption or its related infraction, considering the measures implemented adequate and proportionate to face the existing risks, reflecting its commitment to keep an irreproachable conduct throughout BCP Group and in line with the regulations in force and the best practices in the market.

### 5. CONCLUSION

BCP Group, through its Compliance Office and with the collaboration of the Risk Office, considers that the internal control system for the prevention of the risk of corruption and related infractions is considered adequate and proportionate to the risks identified in the PPCR, so we can conclude that:

- (1) BCP Group has a zero-tolerance approach to practices that constitute, directly or indirectly, financial crimes, corruption and related infractions.
- (2) BCP Group's internal control system, composed of its processes, mechanisms and policies indicated in section 3.1, has robust structures that allow it to adequately address the identified risks, so it is not recommended to revise them.
- (3) Its People receive appropriate and regular training to ensure that they know and understand the policies and processes related to the prevention of corruption and related infractions.
- (4) Although to date no areas subject to improvement have been detected, BCP Group is committed to taking a proactive stance in managing and mitigating the risk of corruption, correcting any internal procedure necessary to prevent any circumstance of corruption from occurring, or from occurring again.
- (5) BCP Group did not detect any circumstance that could substantiate the commission of the crime of corruption or related infractions.

Porto Salvo, 24 November 2023

Compliance Office