

2021

# Conflict of Interest Policy

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## 1. INTRODUCTION

- 1.1. This General Policy on Conflicts of Interest (hereinafter the "Policy") establishes the set of principles to be observed by NOVO BANCO and the NOVO BANCO GROUP to prevent, identify and mitigate conflicts of interest in the development of its activities, as well as provide the concrete procedures that must be adopted within NOVO BANCO to manage, remedy and record all situations of conflicts of interest that may arise.
- 1.2. Compliance with the principles and observance of the procedures set out in this Policy by all members of the management and supervisory bodies, other senior management and holders of essential functions and other NOVO BANCO employees is an essential element in ensuring that NOVO BANCO respects its commitment to guarantee that all its customers receive impartial, equal and transparent treatment. The existence of current or potential conflicts of interest, whether institutional or concerning employees, or even those between different customers, may lead to an inadequate defence of the customers' interests and the prevalence of one of the conflicting interests may ultimately cause damage.
- 1.3. In drafting this Policy and defining the set of procedures it provides for, NOVO BANCO has taken into consideration its size and organisation, including all its organisational units, as well as the nature and complexity of the activities carried out, with the objective of adapting the Policy to the specific characteristics of Novo BANCO.
- 1.4. This Policy also aims to comply with the set of legal and regulatory provisions that bind NOVO BANCO in the exercise of its different activities, as well as to conform to best practices in the prevention, reporting and resolution of conflicts of interest;
- 1.5. These include but are not limited to:
  - a) Banco de Portugal Aviso nº 3/2020
  - b) Legal Framework of Credit Institutions and Financial Companies ("RGICSF")
  - c) Securities Code ("CVM")
  - d) EBA/GL/2017/11, 26 de setembro de 2017 - Guidelines on internal governance under Directive 2013/36/EU (Final Report) (Guidelines 94-116)
  - e) Joint ESMA and EBA Guidelines on the assessment of suitability of members of the management body and key function holders (EBA-GL-2017-12)
  - f) ECB Guide to fit and proper assessments, May 2017

## 2. DEFINITIONS

- 2.1. For the purposes of this Policy the terms below, whether used in the singular or plural, have the following meaning:
  - a. **Customers:** any natural or legal persons to whom NOVO BANCO provides services.

- b. **Covered Employees:** members of the Supervisory Board, members of the Executive Board of Directors, other senior management members, holders of essential functions and other NOVO BANCO employees, regardless of the area or unit in which they carry out their tasks and of the framework of their cooperation with NOVO BANCO. The Executive Board of Directors may extend the application to non-employees of NB.
- c. **Counterparts:** any natural or legal persons who are not Customers or Covered Employees with whom NOVO BANCO establishes contractual or other relations for the development of its activities, namely suppliers of goods or services to NOVO BANCO.
- d. **Covered Employee-Related Entities:** any domestic or foreign legal entities or other non-corporate entities in which Covered Employees or Covered Employee-Related Persons: (i) may exercise, directly or indirectly, a dominant influence; (ii) are its beneficial owner; (iii) are a member of the management body; or (iv) have been established for the benefit of any Covered Employee;
- e. **Novo Banco Group:** NOVO BANCO, including its foreign branches, the credit and financial institutions controlled by Novo BANCO, namely Novo Banco dos Açores, S.A., BEST - Banco Eletrónico de Serviço Total, S.A., GNB Gestão de Ativos, SGPS, S.A. and its subsidiaries.
- f. **Personal Transactions:** the operations or transactions in which the counterparty of a Covered Employee is NOVO BANCO, or transactions on financial instruments by order of a Covered Employee, or on his behalf, outside the exercise of his functions, provided that: the transaction is carried out on behalf of the Covered Employee, of a Person or Entity Related to said Employee, or of a person whose relationship with the Covered Employee is such that he has a direct or indirect material interest in the result of the transaction.
- g. **Persons Related to Covered Employees:** any persons who are in any of the following situations with Covered Employees: (i) be they spouses or cohabiting couples; (ii) direct relatives or kin; or (iii) other relatives or kin living with a Covered Employee.
- h. **Novo Banco Stakeholders:** any natural or legal person not covered by other definitions in this Policy who holds a relevant interest that may be materially affected by the development of NOVO BANCO's activities, including shareholders, creditors and *joint venture* partners.

### 3. APPLICABLE SCOPE

- 3.1. This Policy defines the principles and procedures in matters of prevention, management, remedy, communication and recording of conflicts of interest to be observed by the entire structure of NOVO BANCO and by all Covered Employees.
- 3.2. The principles set out in this Policy, as well as its rules and procedures, with the necessary adaptations and internal approvals, are applicable to the NOVO BANCO GROUP.
- 3.3. The articulation between Novo Banco and the Novo Banco Group entities for the adoption of the principles and procedures foreseen in this Policy will be carried out through the Compliance Department of Novo Banco.
- 3.4. NOVO BANCO ensures, when necessary, that the outsourced entities, especially for the exercise of financial intermediation tasks, undertake the obligation to comply with the principles and procedures set out in this Policy.
- 3.5. The adoption of the principles and compliance with the procedures set out in this Policy by the Covered Employees must be integrated, depending on the situation that calls for its application, by other internal NOVO BANCO regulations that directly or indirectly address conflicts of interest, such as the Code of Conduct, the Policy on Transactions with Related Parties and the Policy for Selection and Evaluation of the Management and Supervisory Bodies and Holders of Key Functions.

### 4. POLICY OBJECTIVES

- 4.1. This Policy aims, in particular, to achieve the following objectives within NOVO BANCO and the NOVO BANCO GROUP:
  - a. To set rules and mechanisms for preventing, identifying and managing any potential or actual conflicts of interest.
  - b. To provide a reference framework for the Covered Employees, encompassing in a systematic and consistent manner the general principles and procedures for dealing with potential and real conflicts of interest arising in the exercise of the respective activities and services.
  - c. To guarantee impartial, equitable and transparent treatment of all NOVO BANCO customers in any area of activity undertaken.
  - d. To promote an organisational structure capable of identifying possible conflicts of interest and to avoid or minimise the risk of their occurrence.

- e. To ensure compliance with the legal and regulatory rules in force that bind NOVO BANCO and the Covered Employees, as well as observance of best practices regarding the prevention and management of conflicts of interest.
- f. To encourage fair treatment, in accordance with legal and regulatory criteria, with regard to any conflicts of interest that may occur.
- g. To properly document, for purposes of control and, when applicable, clarification to regulatory authorities, the implementation of measures taken to achieve the goals laid out.
- h. To promote the periodic assessment by NOVO BANCO of the adequacy and effectiveness of the procedures established to prevent, manage and remedy conflicts of interest and endeavour to correct any deficiencies found, and to review the Policy when necessary.

## 5. CONCEPT OF CONFLICTS OF INTERESTS

- 5.1.** For the purposes of this Policy, a Conflict of Interests arises whenever a situation occurs within the scope of the exercise of any activities by NOVO BANCO in which its own interests or those of third parties that NOVO BANCO or the Covered Employees must defend or protect converge and, in an objective assessment, there is a potential opposition between these interests to such an extent that the achievement of one may, in general, prevent the full achievement of the others or cause damage to one or some of the interests in conflict.
- 5.2.** For these purposes, at stake may be a potential opposition between interests of the following subjects:
- a. Novo Banco and Customers;
  - b. Covered Employees and Customers;
  - c. Different Customers;
  - d. Novo Banco and Covered Employees;
  - e. Novo Banco and Counterparts;
  - f. Covered Employees and Counterparts;
  - g. NOVO BANCO and NOVO BANCO Stakeholders;
  - h. NOVO BANCO and Novo Banco GROUP entities or between different Novo BANCO GROUP entities;
  - i. Entities of the NOVO BANCO GROUP and Customers;
  - j. Entities of the NOVO BANCO GROUP and Covered Employees;

k. Entities of the NOVO BANCO GROUP and NOVO BANCO's Stakeholders.

**5.3.** For the purposes of the duty to identify and disclose situations of conflict of interest under this Policy, shall be considered all interests that may obtain benefits to the detriment of those which, under the legal or regulatory terms, should be given priority. These may be of different source, of which the following categories stand out:

- a. Institutional interests, which may result from any activities developed by NOVO BANCO, including any business segments or units, or result from any activities developed by entities of NOVO BANCO GROUP;
- b. Current interests, which are those existing in a real situation that has arisen;
- c. Potential interests, which are those that may, in the future or only with some probability, come to benefit;
- d. Permanent interests, resulting from situations that persist over time and which require permanent management and mitigation:
- e. One-off interests, which are the result of isolated situations and can be managed and mitigated through a single measure, without the need for subsequent follow-up;
- f. Any financial, professional, personal and political interests of Covered Employees (whether specifically referred to in the Policy or not) that call into question the impartiality or objectivity of the Employee in the performance of his/her duties;
- g. Any interests of Covered Employee-Related Persons;
- h. Any interests of Covered Employee-Related Entities;
- i. Interests that may result from positions held in the past and past personal and professional relationships, with a period of two years being considered for this purpose.

**5.4.** By way of example, situations involving conflicts of interest relevant for the purposes of this Policy include decisions, operations or transactions in which an objective analysis shows that:

- a. NOVO BANCO or the Novo Banco GROUP may commit itself or execute a decision, operation or transaction in conditions not comparable to normal market conditions, which may result in excessive advantages or unjustified losses for NOVO BANCO or the Novo Banco GROUP;
- b. A Covered Employee or a Person or Entity Related to Covered Employees has an economic interest in the decision, operation or transaction reflected in the fact that the object is financial instruments, shareholdings, intellectual property rights, movable or immovable property or other assets owned by one of the aforementioned persons or entities;

- c. A Covered Employee or a Person or Entity Related to Covered Employees has an economic interest in the decision, operation or transaction because it concerns the granting of credit by NOVO BANCO or the acquisition of any asset held by the latter or an entity of the NOVO BANCO GROUP by one of the aforementioned persons or entities;
- d. A Covered Employee holds a personal interest in the decision, transaction or operation concerned because it relates to any Person or Related Entity of the Covered Employee concerned or to any other person to whom the latter is close;
- e. A Covered Employee has a political or associative interest in the decision, operation or transaction concerned to the extent that it may affect in any way a political party or association of any nature of which he or any Related Person of the Covered Employee concerned is a member;
- f. A Covered Employee has a professional interest in the decision to the extent that it influences in any way a natural or legal person or other entity to which he or she or any Covered Employee-Related Person provides any services;
- g. A Covered Employee may for himself, or for any Person or Related Entity of the Covered Employee concerned, in the course of his or her duties, obtain a benefit that exceeds the typical expenditure of the transaction or operation in question or avoid a loss to the detriment of a Customer;
- h. A Covered Employee or a Covered Employee-Related Person or Entity receives or may receive from a person other than the Customer, a benefit in respect of a service provided to the latter in the form of money, goods or services, other than the normal commission or fees for that service;
- i. A Covered Employee or a Person or Entity Related to the Covered Employee concerned, carries out the same professional activities as a NOVO BANCO Counterpart;
- j. A Covered Employee or a Person or Entity Related to the Covered Employee concerned has an interest in the result of a service provided by Novo Banco or in a completed transaction that is wholly or partially contrary to the result intended by the Customer;
- k. A Covered Employee obtains superior gains by serving the interests of a specific Customer when the interests of different Customers clash in the same decision, operation or transaction.



**5.5.** In the specific area of development of financial intermediation activities, it is assumed that a situation of Conflict of Interest can occur whenever NOVO BANCO:

- a. Obtains a financial gain or avoid a financial loss, to the Customer's detriment, except when acting as a counterpart in transactions with Customers while carrying out its normal business activities;
- b. Has its own interest in the results of a service provided to the Customer, or of a transaction performed on behalf of the latter, which is separate from the actual service or transaction in question;
- c. Receives a financial or other incentive to prioritise the interests of one Customer to the detriment of the interests of another;
- d. Receives financial or other incentives from the customer beyond the agreed fees and charges;
- e. Carries out the same activities as the Customer.

**5.6.** A relevant Conflict of Interest for the purposes of this Policy is not considered to exist in the following situations:

- a. The Covered Employee is limited to applying in the provision of the service or in the relationship with a Person or Entity related to the Covered Employee in question any market conditions applicable to all Customers or Counterparts with similar characteristics and which are previously defined by Novo BANCO.
- b. NOVO BANCO is complying, under the applicable legal or regulatory terms, with a legal or regulatory duty with a binding content, or with a decision by the supervisory authorities, and does not have discretion to decide on the content of the conduct that is required of it.

## **6. GUIDING PRINCIPLES**

**6.1.** In the exercise of their respective duties, all Covered Employees must ensure the highest standards of professional diligence, adopting due care in carrying out their duties and assuming a conduct that defends the legitimate interests of NOVO BANCO, its Customers and Stakeholders.

**6.2.** To this end, the Covered Employees must respect the following principles in the exercise of their functions, which are reflected in principles assumed by Novo Banco for the development of its activities:

**A) Principle of Legality**

The Covered Employees must adequately comply with the legal and regulatory rules that bind NOVO BANCO, as well as the defined internal regulations, without sacrificing such compliance to the illegitimate satisfaction of their own interest or those of any third party.

**B) Principle of Prevention**

Covered Employees have the obligation to avoid situations that may give rise to conflicts of interest, and must, in particular, refrain from intervening in or in any way influencing any decision, or the conditions of an operation or transaction in which they have a direct or indirect private interest, as well as refraining from accessing information relating to such decision, operation or transaction. To this end, Covered Employees shall, in particular, observe the principles and comply with the procedures set forth in this Policy.

Covered Employees must abstain from any conduct or the establishment of any ties that may place them under the undue influence of third parties in the exercise of their functions, particularly with regard to the acceptance of positions or functions to be performed outside NOVO BANCO.

In turn, each structure of Novo Banco must organise itself and define its internal procedures to respect the principle of segregation of functions, in order to avoid situations of conflict of interest and contribute to its functions being carried out in compliance with this Policy.

When defining its organisational structure (e.g. distribution of competences, creation of new areas or units) and the use of third parties to provide services, NOVO BANCO takes into account the impact that such actions may have on the possibility of preventing and solving conflicts of interest.

Novo Banco also adopts a remuneration policy that aims to promote responsible business conduct, equitable treatment of customers and prevent conflicts of interest in relations with them.

In the event of a conflict of interest, the Covered Employee must report the situation for evaluation under the terms set out in this Policy and, unless otherwise indicated herein, must abstain from taking the decision or carrying out the operation or transaction in question.

**C) Principle of Independence and Impartiality**

Covered Employees must always act with freedom of mind, in good faith and with respect for the legitimate interests of the Customer, NOVO BANCO and NOVO BANCO's Stakeholders, regardless of their own interests, or those of Persons or Entities Related to them.

Covered Employees must act impartially in relation to all the Customers or counterparts of NOVO BANCO, ensuring that all are treated equally, so that their actions do not result in any undue advantage or unjustified loss for Novo BANCO, the Novo Banco GROUP, Customers, Counterparts or Stakeholders of NOVO BANCO.

**D) Principle of Reporting Conflicts of Interest**

Covered Employees must immediately inform the Compliance Department, in a true, clear, complete, and objective manner, under the terms provided for in this Policy or, when applicable, under those provided for in the internal rules for the development of this Policy, if they find that a conflict of interest exists in a specific decision or in the execution of an operation or transaction in which they intervene, as described in point 5 above, including institutional conflicts of interest.

Employees must keep the information provided up to date, communicating any changes, including the termination of the situation reported

**E) Principle of reporting conflicts of interest arising from personal or professional situations, both present and past**

Covered Employees must inform the Compliance Department of possible conflicts of interest arising from positions held in the last two years, as well as from personal relationships during this period, or in the present.

**F) Principle of Transparency**

This Policy is available to the general public through NOVO BANCO's website, so that any Customers, Counterparts and Stakeholders of Novo BANCO can learn about the principles by which NOVO BANCO is governed and the procedures it adopts to prevent, remedy, and manage conflicts of interest arising during the course of its activities.

When it is not possible to remedy a conflict of interest in the relationship with a Customer or Counterpart under the terms of this Policy, NOVO BANCO shall inform the Customer of the existence of that conflict of interest under said terms.

### **G) Principle of Prevalence of Customers' Interests**

When performing their functions, Covered Employees must always seek a fair balance between the interests that converge in the decision, operation or transaction in question, and in the event of conflict, they must give precedence to the Customer's interests over their own, those of NOVO BANCO and the NOVO BANCO GROUP and of the other Covered Employees.

Whenever Novo Banco carries out operations to satisfy Customer orders, in particular in the exercise of financial intermediation activities, it will make the financial instruments available to them at the same price at which they were acquired.

### **H) Principle of Responsibility**

Each of the Covered Employees is responsible for ensuring that the principles and procedures set out in this Policy are observed and that the Policy itself is properly implemented, promoting in NOVO BANCO and the NOVO BANCO GROUP an effective culture of prevention and resolution of conflicts of interest.

Covered Employees who fail to comply with the duties arising from this Policy shall be subject, as applicable, to disciplinary, contractual or other consequences.

### **I) Principle of Safeguarding Information**

Without prejudice to other duties concerning the safeguarding and use of information obtained during the course of or in connection with the performance of duties, Covered Employees must abstain from exchanging or circulating information concerning their activities that may entail a risk of a conflict of interest, whenever the exchange of information could damage the interests of one or more Customers.

## **7. CONFLICT OF INTEREST MITIGATION MEASURES**

- 7.1.** NOVO BANCO adopts an organisational structure and implements procedures that aim to promote the identification of possible conflicts of interest and act to avoid or reduce to a minimum the risk of their occurrence, as well as aiming at the adequate resolution of those conflicts of interest that may arise in its activity.
- 7.2.** Without prejudice to the adoption of any other measures to mitigate conflicts of interest that may prove necessary, NOVO BANCO adopts the following, where appropriate:

**A) Measures to guarantee the independence of the Covered Employees**

In order to ensure that all Covered Employees conduct themselves in the exercise of their functions in a manner that guarantees impartial, equitable and transparent treatment of Customers and Counterparts, NOVO BANCO adopts measures that translate into:

- a. Creating and disseminating effective procedures, as described in the Code of Conduct and Internal Regulations, to prevent or control the exchange of information between Relevant Persons, by the following means:
  - i. Updated records of persons with access to information whose use or circulation is subject to restrictions;
  - ii. Electronic and/or physical blocking of information circulation;
  - iii. Establishment of the duty of Covered Employees to inform Novo Banco regarding Personal Operations and/or definition of cases of prohibition (general or partial) of performing said Personal Operations.
- b. In the supervision of Covered Employees whose main functions involve carrying out activities on behalf of Customers, or providing services to them, when their interests may be in conflict, including those of Novo Banco, through:
  - i. Being subject to separate hierarchies;
  - ii. Segregating functions within the same activity.
- c. Adopting remuneration policies applicable to Covered Employees that prevent conflicts of interest arising and that promote their internal communication and remedy, should they arise.
- d. Promoting measures to prevent or limit any person from exercising improper influence over the way in which a Covered Employee carries out his or her duties at Novo Banco and fulfils his or her duties to Customers.
- e. Adopting measures to prevent or control the simultaneous or sequential involvement of a Covered Employee in different phases of the same decision-making process, operation or transaction when such multiple intervention may result in, or increase, conflicts of interest.
- f. Adopting measures to prevent conflicts of interest that may arise from the existence of family relationships between employees.

**B) Measures on the Marketing of New Products**

Whenever, during the course of its activities, NOVO BANCO markets its own new products or others issued or to be entered into with NOVO BANCO GROUP entities, it complies with its written procedures, regularly reviewed, regarding the assessment, approval and marketing of products and services, aimed at preventing the occurrence of conflicts of interest, among others.

**C) Measures relating to those responsible for the areas or units**

The managers of the different areas or units of NOVO BANCO must adopt a conduct in the exercise of their managerial functions that promotes the prevention and resolution of conflicts of interest in the area or unit for which they are responsible. To this end, they should in particular:

- a. Identify potential conflicts of interest that may typically occur in their specific area, prevent their occurrence and promote compliance with this Policy.
- b. Identify and report to the Compliance Department the cases in which the possibility of occurrence of a conflict of interest has been identified and in which the adoption of the prevention and mitigation measures foreseen does not envisage, with reasonable and founded certainty, prevention of the effective occurrence of these conflicts of interest, or the associated risk assessment.
- c. Communicate to the Compliance Department, under the terms of this Policy, of specific situations of identified conflicts of interest and keep a record of the communications.
- d. Regularly monitor and assess the proper implementation of this Policy in the area or unit under their responsibility and, if deficiencies are detected, report them to the Compliance Department and arrange for their correction.
- e. In the event of an actual conflict, ensure that the situation is handled in accordance with the criteria defined in this Policy;
- f. Create a list of people with access to inside information, whenever services involving access to such information are provided;
- g. Record transactions and activities giving rise to conflicts of interest;
- h. Promote compliance with the stipulations of the Executive Board of Directors and the recommendations of the Compliance Department for the prevention and remedy of conflicts of interest.

- i. Provide Covered Employees in their area or unit with information about their obligations regarding conflicts of interest, in particular the measures and procedures that must be ensured in the exercise of their functions.
- j. Provide the Compliance Department with the information or clarifications that this Department requests regarding the matter of conflicts of interest and compliance with this Policy.

#### **D) Measures Regarding Covered Employees in Situations of Conflict of Interest**

To remedy any conflict of interest that may arise in relation to a Covered Employee, NOVO BANCO may adopt the following measures:

- a. Safeguarding sensitive information through physical segregation and inhibition of knowledge sharing between Covered Employees.
- b. Dividing functions to be performed within the same or related operations and transactions.
- c. Pre-defining criteria for action to be adopted by Covered Employees that exclude the weighting of illegitimate interests.
- d. Determining the impossibility of participating in decisions, procedures, operations or transactions in which People or Entities related to the Covered Employee in question are parties, or in which there is another factor that could give rise to a conflict of interest.

#### **E) Measures Regarding Financial Intermediation**

In the specific area of the provision of financial intermediation services, NOVO BANCO also adopts the following specific mitigating measures to avoid conflicts of interest:

- a. Novo Banco does not grant credit for the acquisition of, or investment in, financial instruments or products in which the Bank or related parties are issuers.
- b. Novo Banco does not remunerate or evaluate the performance of its Employees to conflict with their duty to act in the interest of Customers, and does not offer variable remuneration for sales goals or any other form of promotion of the recommendation or sale of a specific financial instrument when another product can better address the Customer's needs, as further detailed in the Employee Remuneration Policy.
- c. Novo Banco's Employees must provide customers with details of any fact potentially generating a conflict of interest in a transaction to be performed on their behalf if internal organizational mechanisms are insufficient to avoid it. This information must

be provided on a durable medium, and the prior express consent of the Customer must be obtained in advance and recorded on same.

- d. Novo Banco offers information sheets with the detailed costs of each transaction to be performed, so that customers can clearly see the breakdown of the costs of the service, the value of the financial instrument, charges and all other amounts not resulting directly from market risk. If a cost breakdown is not available prior to the transaction, its calculation method may be given as an alternative.
- e. Novo Banco Employees are prohibited from performing personal transactions (or giving any advice towards doing so) if they involve the improper or unlawful use of confidential information, or if the transaction is incompatible with any legal or regulatory obligation of Novo Banco.
- f. The completion of any personal transactions of which the Bank becomes aware is recorded in a separate place, specifically indicated as such, in the archives of recorded transactions, subject to increased supervision by the Compliance Department;
- g. Any unlawful transactions in this regard must be immediately notified by any employee to their hierarchical superior of the Financial Intermediation Area or verified within the scope of records on daily transactions, and immediately reported to the Compliance Department for the purposes of internal control, together with the necessary operational and legal measures which may subsequently apply.

## **8. GENERAL OPERATING PROCEDURE**

- 8.1.** For the purpose of preventing and resolving any conflicts of interest that may arise in the course of NOVO BANCO's activities, unless otherwise stipulated by the law, regulations or internal rules, the Covered Employees shall abide by the following procedure:

### **A) Identification of a Possible Conflict of Interest**

Whenever, during the course of their duties, Covered Employees must take a decision or carry out a transaction, they must analyse its essential characteristics and surrounding circumstances to determine whether there is an institutional conflict of interest or one concerning a Covered Employee. To this end, the Covered Employees fulfil the concept and criteria set out in point 5 above.



**B) Reporting Conflicts of Interest**

Whenever, as a result of the aforementioned analysis, a Covered Employee detects the existence of a conflict of interest, he/she must directly and immediately report its existence to the Compliance Department in writing, indicating the following:

- a. Identification of the parties or other persons involved in the decision, operation or transaction in question;
- b. Object and main obligations of the parties in case of approval of the decision or implementation of the operation or transaction in question and intended date of completion;
- c. Interests in conflict and causes for the existence of the conflict, including, when determinable, the resulting damage or advantages for the persons involved and possible resolution measures.

Any Covered Employee who becomes aware of a situation of conflict of interest, even if not directly involved in the decision, operation or transaction in question, must report it to the Compliance Department under the terms referred to when this has not already been done.

Whenever the identified conflict of interest has an institutional nature, the communication referred to must be made jointly by the Covered Employee involved and the person responsible for the area or department in question.

**C) Analysis of the Conflict of Interest**

After receiving communication of a conflict of interest, the Compliance Department will analyse the situation presented to determine the effective existence of same and, if found, will propose the appropriate measures to remedy it.

The communication must be made for situations of permanent or occasional conflict of interest, and those that may result from positions or functions exercised in the two years prior to the communication, or from personal relationships, must be considered in the personal assessment thereof.

The Compliance Department may, at any time, request information and clarifications about the situation in question, measures adopted in the meantime and other aspects that it considers relevant to the management of the conflict of interests, as well as consult, internally or externally, the areas or entities that it considers relevant, in order to obtain the pertinent elements to assess the situation in question.

The Compliance Department, within 15 working days, shall issue a duly grounded opinion on the conflict of interest, providing any recommendations it deems appropriate to remedy the conflict, or measures to be adopted to mitigate it when it cannot be remedied.

The opinion of the Compliance Department is forwarded to the Covered Employee and/or the person in charge of the department or area, and other departments or hierarchies, as applicable.

#### **D) Sanctioning of a Conflict of Interest**

The Covered Employee and the respective unit or area adopt the measures recommended by the Compliance Department to remedy all conflicts of interest detected.

The decision, operation or transaction in relation to which there is a conflict of interest cannot be executed without first receiving the opinion of the Compliance Department and implementing the recommendations given.

Whenever and only when it is not possible to remedy a conflict of interest under the terms of this Policy, NOVO BANCO shall objectively and clearly inform the Customer, before carrying out a transaction on its behalf, of the general nature and/or sources of that conflict and of the measures adopted to mitigate the risks resulting from it, as well as of its potential insufficiency to avoid the risks resulting from same, and the Customer shall be requested to expressly declare, in writing, that it has been duly informed of the existence of the conflict of interest and that it agrees to proceed with the transaction.

### **9. ACCUMULATION OF POSITIONS**

- 9.1.** The Covered Employee who intends to exercise activities, remunerated or not, in third-party entities that are not part of the NOVO BANCO GROUP must previously inform the Compliance Department, under the internally defined terms, so that it may decide on the intended accumulation of positions from the point of view of the existence and prevention of conflicts of interest.
- 9.2.** Based on a reasoned proposal from the Human Resources and Compliance Departments, the Executive Board of Directors may determine categories of activities and accumulation of positions in which, after a general assessment of the absence of conflicts of interest, they may be subject to mere communication to these Departments for registration purposes.

- 9.3.** The Executive Board of Directors may determine the need for its intervention in the approval of the accumulation of positions, especially in relation to top management employees and holders of essential functions.

## **10. SPECIFIC PROCEDURES**

- 10.1.** Conflicts of interest, as defined in this Policy, that arise in relation to members of the General and Supervisory Board, the Executive Board of Directors or Committees of these bodies are managed and resolved by the body itself, under the terms set forth in specific internal regulations.
- 10.2.** The possibility of the members of the General and Supervisory Board and the Executive Board of Directors and the holders of Essential Functions accumulating positions or functions is assessed through a specific procedure for the bodies and office holders in question.
- 10.3.** In the event of a conflict of interest concerning any employee covered by the Compliance Department, the Compliance Committee of the General and Supervisory Board shall be informed immediately to recommend and decide on any measures deemed necessary and appropriate.
- 10.4.** The Compliance Department shall be informed of any conflicts of interest remedied under this paragraph and may issue the recommendations and propose the mitigation measures it considers necessary and appropriate.

## **11. PROHIBITION OF THE ACCEPTANCE OF CHARITY**

- 11.1.** Covered Employees may not accept on their own behalf or that of third parties' gifts and other benefits or rewards in any way related, directly or indirectly, to the functions exercised other than mere hospitality.
- 11.2.** Gifts and other benefits or rewards that are in accordance with social customs and that do not constitute a relevant material or non-material advantage, determined at EUR 200 / year, per person / entity, are considered as mere hospitality. For the calculation of said amount, related Persons or Entities shall be considered as one single person or entity.
- 11.3.** The Anti-corruption and Anti-bribery Policy detail the rules applicable in this area.

## 12. RECORDS

**12.1.** NOVO BANCO keeps a duly documented record of all the procedures, communications, analyses, assessments and measures adopted in compliance with this Policy.

**12.2.** The Compliance Department is responsible for keeping the records relating to this Policy.

**12.3.** In particular, the Compliance Department records in a database, specifically created for this purpose, all situations of conflict of interest reported with the following elements:

- a. Intervener's data: Employee number (when applicable); name; job position; organic unit; department; area (sales/central); entity (company);
- b. Data on the conflict of interest: department of origin; area (sales/central); service provided; sender; date; description of situation;
- c. Data on intervention of Compliance Department: description of intervention; opinion; case status; number of occurrences; updates.
- d. Measures implemented or to be implemented to manage the conflicts identified and intervening roles at each stage of said procedure
- e. Monitoring Actions Taken

**12.4.** The Compliance Department ensures, when applicable, the updating of records of conflicts of interest reported to it by the Covered Employees through periodic questionnaires.

## 13. POWERS OF THE COMPLIANCE DEPARTMENT

**13.1.** Without prejudice to any other legal provisions, regulations and internal rules, the Compliance Department is responsible for the following:

- a. Submitting to the Executive Board of Directors, for its approval, the General Policy on Conflicts of Interest, as well as any internal regulations governing the prevention of the occurrence of same;
- b. Evaluating the application of this policy, and proposing revisions and amendments to the Board of Directors;
- c. Following up and monitoring, on an ongoing basis, the measures implemented or to be implemented to manage or mitigate any conflicts of interest;
- d. Ensuring adequate publicity for this Policy and clarifying any doubts that may arise in relation to it;

- e. Reporting to the Compliance Committee of the General and Supervisory Board, to the Executive Board of Directors and to the Human Resources Department, every six months, all situations of conflicts of interest analysed, or that came to its attention during the course of its activity, and on which it has issued an opinion;
- f. Proposing to the Auditing Department that auditing or inspections be carried out, as applicable, for situations found by the Compliance Department within its competence.
- g. Issuing the opinions that fall within its competence as provided for in this Policy;
- h. Carrying out internal evaluations on conflicts of interest as it sees fit, in any form, through questionnaires or specific forms;
- i. Coordinating the adoption of the principles and compliance with the procedures set out in this Policy by the NOVO BANCO GROUP;
- j. Ensuring maintenance of the files and records provided for in this Policy.
- k. Ensuring adequate periodic training on this policy and its implementation for employees and members of the Executive Board of Directors and the General and Supervisory Board.

#### **14. MEMBERS OF THE EXECUTIVE BOARD OF DIRECTORS;**

**14.1.** Without prejudice to any other provisions established by law, regulations and internal rules, the Executive Board of Directors has the following duties, for the purposes of this Policy

- a. Approve this Policy and its updates after obtaining a favourable opinion from the Compliance Committee of the General and Supervisory Board;
- b. Ensure that this Policy is properly implemented at NOVO BANCO and that the procedures and controls set out therein are effectively implemented and adequate for compliance with the duties of identification, prevention, resolution and communication of conflicts of interest;

#### **15. FAILURE TO COMPLY WITH THE POLICY**

**15.1.** Failure to comply with any provision of this Policy shall subject the Covered Employee to liability for his conduct, in particular to disciplinary or contractual liability as applicable.

**15.2.** In determining the consequences of non-compliance with this Policy, NOVO BANCO, and in particular the Executive Board of Directors, takes into account, among other factors, the seriousness and awareness of the non-compliance.

## **16. APPROVAL AND REVIEW**

- 16.1.** This Policy has been approved by the Executive Board of Directors of Novo Banco with the prior favourable opinion of the Compliance Committee of the General and Supervisory Board.
- 16.2.** The Policy is reviewed at least once a year, although the Compliance Department must, however, propose to the Executive Board of Directors the review of the Policy in a shorter period of time, whenever it considers it opportune or verifies any inefficiency or maladjustment of the same with regard to the verified conflicts of interest.
- 16.3.** The review procedure of the Policy aims, in particular, to verify whether it is adequately implemented and whether the procedures foreseen to avoid and remedy possible conflicts of interest are effective.

## **17. DISSEMINATION AND CLARIFICATIONS**

- 17.1.** This Conflict of Interest Policy is disseminated internally to all Covered Employees by publication on NOVO BANCO's intranet page and is also publicly disclosed on NOVO BANCO's institutional website.
- 17.2.** The Compliance Department promotes proper compliance with this Policy through training and/or specific publications on the NOVO BANCO intranet, as necessary.
- 17.3.** The Compliance Department should be contacted for any clarification of this Policy.

## Annex I

Conflict of Interest Prevention and Management Policy for Financial Intermediation Activities [\[here\]](#).

## Annex II

Examples of Conflict of Interest situations, and how to act

### 1. Assessing and deciding on transactions or other matters

**Rule:**

Members of the Board of Directors, members of the Supervisory Board, advisers, managers and other employees, consultants and legal representatives of NOVO BANCO or of a NOVO BANCO subsidiary cannot be involved in assessing and deciding on transactions or any matter in which they have a direct or indirect interest of their own, or do their spouses or persons with whom they live in a de facto partnership, relatives and kin who are parents or children, or companies or other collective entities which are under any of their direct or indirect control.

*Non-participation  
Non-participation in  
in the decision-making  
making process*

**Example:**

- When a customer requests that an employee be his/her guarantor in a loan agreement.

### 2. Accumulation of duties at NOVO BANCO or at the NOVO BANCO Group

**Rules:**

An Employee may accumulate positions in other entities of the NOVO BANCO Group, provided that:

- i. There are no serious risks of a conflict of interest;
- ii. The person has sufficient capacity to perform these different duties;
- iii. The nomination is approved by the Executive Board of Directors and, when applicable, there is no opposition from Banco de Portugal.

*Permission for  
Permission for  
accumulated  
duties*

The rules of the above paragraph shall apply, with the necessary adaptations, to the accumulation of duties of directors or workers of NOVO BANCO subsidiaries.

Individuals in charge of compliance, risk management or internal auditing at NOVO BANCO cannot accumulate duties with positions at entities directly or indirectly holding 5% or more of the share capital or voting rights of NOVO BANCO.

**Example:**

- When an employee performs duties in more than one department or organisational units of NOVO BANCO, at NOVO BANCO and a subsidiary or at more than one subsidiary, and it is determined that (i) competing interests exist in the performance of these duties, or (ii) the sufficient capacity to perform the various duties does not exist.

*Prohibition of  
Prohibition of duties  
accumulated duties*

### 3. Designation of employee for positions or duties at other entities

**Rule:**

When instructed by NOVO BANCO to perform duties or hold positions at other entities, the employee may not participate at NOVO BANCO or at the entity where he/she holds these duties or positions, in assessing and deciding on matters involving this entity and NOVO BANCO, respectively. This obligation shall persist after the termination of duties whenever entailing the assessment, at NOVO BANCO, of a matter involving the entity where the employee performed duties and in which he/she has an interest arising from the duties performed which conflicts with an interest of NOVO BANCO.

**Example:**

- When an employee performs duties at NOVO BANCO and, at NOVO BANCO's request, also performs duties at another entity and, because of these duties, is requested to participate in assessing and deciding on matters involving NOVO BANCO or this other entity, respectively.

*Prohibition of  
Prohibition of involvement in  
decisions*

### 4. Financial interests and shareholdings

**Rule:**

Employees with financial interests or shareholdings must notify the Compliance Department in advance by filling out a form following the template provided by this department, who will issue its opinion afterwards.

**Examples:**



- Holding shares, other property rights, financial shareholdings or other financial interests in commercial customers, intellectual property rights/royalties.

## 5. Performance of activities outside of NOVO BANCO

### Rule:

Employees wishing to perform remunerated or unremunerated activities outside of NOVO BANCO must notify the Compliance Department in advance by filling out a form following the template provided by this department, who will issue its opinion afterwards, where applicable (activities not excluded from an assessment).

### Example:

- Belonging to the supervisory or administrative body of a private or public company or a private or public association.

## 6. Political Relationships

### Rule:

Employees actively considering getting involved in political activities must notify the Compliance Department in advance by filling out a form following the template provided by this department, who will issue its opinion afterwards.

For the avoidance of doubt, Employees may participate in political activities provided that:

- a) The Compliance Department has been consulted and has given its prior opinion;
- b) Employees maintain impartiality in the performance of their duties, do not publicly criticise NOVO BANCO's policy decisions and directions and do not carry out political activities in the workplace.

### Example:

- Signing nomination papers for political candidacies; serving as a campaign manager; attending political conventions as a delegate; performing executive functions in a political party; speaking at political rallies and meetings; canvassing door-to-door; publishing or publicly broadcasting political statements (including commentary in newspapers, radio, television and social media).

Completion of  
Completion of  
form/Statement of  
interests

## 7. Employee Accounts

### Rules:

1. Employees are prohibited from performing, modifying and/or authorizing any transactions or terms and conditions for accounts in which he/she is the owner, co-owner or representative.
2. Employees are prohibited from performing, modifying and/or authorizing any transactions or terms and conditions for accounts in which one of his/her family members is the owner, co-owner or representative.
3. Regardless of their job duties, employees shall be prohibited from establishing terms and conditions and/or participating in the decision-making process for any kind of transaction where the employee or his/her family members have direct or indirect involvement in any manner.

### Examples:

- When an employee performs, modifies and/or authorizes transactions or terms and conditions in accounts in which he/she is the owner, co-owner or representative, or in the accounts of his/her family members;
- Regardless of his/her job duties, when an employee establishes terms and conditions and/or participates in the decision-making process for any kind of transaction where the employee or his/her family members have direct or indirect involvement in any manner.

*Prohibition on managing  
Prohibition on managing in  
accounts and participating in  
the decision-making process*

## 8. Powers-of-Attorney

### Rule:

Employees may not accept powers-of-attorney from the customers of NOVO BANCO or its subsidiaries, unless expressly authorised by the Compliance Officer.

### Example:

- When a customer requests an employee to be its legal representative for its accounts at NOVO BANCO.

*Obligation of refusal /  
Obligation of refusal /ance  
Opinion from Compliance*

## 9. Family members in the hierarchical chain

**Rule:**

Employees may not have family members (spouses or de facto partners; parents; grandparents; children; siblings; brothers and sisters-in-law; step-parents and stepchildren; fathers and mothers-in-law; sons and daughters-in-law; aunts and uncles; nephews and nieces) in their hierarchical chain, and may not evaluate their performance or decide on their promotion/demotion or remuneration.

**Example:**

- When an employee has family members in his or her hierarchical chain, with the possibility of assessing his or her performance and deciding on the respective promotion/ demotion or remuneration.

*Prohibition of family members from hierarchical chain/Evaluation*

## 10 Segregation of functions within NB departments

**Rule:**

When NOVO BANCO is involved in a given transaction in different capacities, the segregation of duties and respective decision-making processes (Chinese walls) must be duly safeguarded.

**Example:**

In the sale of a strategic asset belonging to NOVO BANCO or one of its Subsidiaries that includes financing to the buyer, the sale and credit operations shall be subject to segregated analysis.

## 11. Properties

### Rules:

1. Employees wishing to purchase a property from NOVO BANCO must fill out a form following the template provided by the Compliance Department attesting that no conflict of interest exists.
2. Any interest in obtaining a higher ranking in property sales campaigns may not, under any circumstances, cause the employee to prioritize his/her interests or the interests of his/her departmental area to the detriment of the interests of NOVO BANCO or its customers, or with impacts on the Bank's legal and reputational risk.
3. Employees must pay special attention to their obligations of diligence with regard to following rules on (i) the profiling of buyers and respective actual beneficiaries, and (ii) identifying the origin of the funds and, when involving customers, rules on (iii) opening new accounts and (iv) evaluating the transactions' context in customer profiles.

### Examples:

- The purchase of a property from NOVO BANCO by an employee who has been involved in appraising or determining any value attributable to the property, or assessing and deciding on the process for his/her own bid or offer;
- The purchase of a property from NOVO BANCO by an appraiser who was involved in assessing the property;
- An appraiser of NOVO BANCO properties who is simultaneously a NOVO BANCO developer.

- Completion of form/Statement of interests
- Real estate sales campaigns
- Obligation of diligence

## 12. Developers and appraisers

### Rules:

1. When hiring services from developers, these developers must fill out a form following a template provided by the Compliance Department, attesting that no conflict of interest exists, namely that (i) they have no ties to employees involved in the selection, hiring or assessment process, and (ii) they are not simultaneously appraisers.

- Completion of form/Statement of interests

2. When hiring services from appraisers, these appraisers must fill out a form following a template provided by the Compliance Department, attesting that (i) no conflict of interest exists, namely that they have no ties to employees involved in the selection, hiring or assessment process, that (ii) they are not simultaneously developers, and that (iii) they will refrain from purchasing any NOVO BANCO properties for which they have been the appraiser.

**Examples:**

- When an employee associates (“gic”) customers to a NOVO BANCO developer with whom he/she has a corporate, family or working relationship;
- When an employee is involved in the transactions of customers associated with a developer with whom he/she has a corporate, family or working relationship;
- When a NOVO BANCO developer is simultaneously a NOVO BANCO real estate appraiser.

**13. Hiring of suppliers****Rule:**

Employees may not participate in the selection, hiring or assessment process of a supplier in which they have a particular interest and shall fully comply with NOVO BANCO's internal standard "Prevention of Conflicts of Interest in Contracting NB Suppliers".

**Example:**

- When a supplier (or supplier applicant from outside the company) of NOVO BANCO or NOVO BANCO subsidiaries has an individual or personal relationship with an employee involved in the supplier's selection, hiring or assessment process.



**14. Sales goals and marketing campaigns**

**Rules:**

- a. The goals of campaigns may not be promoted or achieved to the detriment of complying with legal, regulatory and internal company rules applicable to NB.
- b. Any interest in obtaining a higher ranking in campaigns may not, under any circumstances, cause the employee to prioritize his/her interests or the interests of his/her departmental area to the detriment of the interests of NB or its customers, or with impacts on the Bank's legal and reputation risk.
- c. Commercial campaigns are evaluated in the Compliance and Product Committee.

- Compliance with legislation/regulations
- Upholding the interests of NB and customers
- Avoiding legal and reputation risk

**Example:**

When an employee does not properly perform his/her duties for the purpose of achieving sales goals or incentives (financial or of another nature).



**15. Financial intermediation and banking products and services**

**Rule:**

Financial intermediation activities are governed by the Conflict of Interest Prevention and Management Policy for Financial Intermediation Activities, while the launch and marketing of banking products and services are subject to the respective Product Committee's sign-off and approval process.

**Example:**

- Examples of financial intermediation activities include investment recommendations (research); discretionary portfolio management; investment consulting, etc.

In addition to consulting the Conflict of Interest Prevention and Management Policy for Financial Intermediation Activities, the following situations should be noted:

- a. Any action of NOVO BANCO that may obtain a financial gain or avoid a financial loss, to the customer's detriment, except when acting as a



counterparty in transactions with customers while carrying out its normal business activities;

- b. When NOVO BANCO has its own interest in the results of a service provided to the customer, or of a transaction performed on behalf of the customer, which is separate from the actual service or transaction in question;
- c. Whenever NOVO BANCO receives a financial or other incentive to prioritize the interests of one customer to the detriment of the interests of another customer.