



**Policy for Selection, Appointment and Evaluation of the novobanco Group
Statutory Auditor and Contracting of Non-Prohibited Non-Audit Services**

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WHEREAS:

a) The Portuguese Securities Market Commission is responsible for the public supervision of Statutory Auditors, Statutory Auditors Firms, auditors and auditors' firms from Member States of the European Union and third countries registered in Portugal, their partners and members of their governing bodies pursuant to Law 148/2015 of 9 September, as amended, and other applicable legal provisions.

b) Credit institutions' management and supervisory bodies shall, within the scope of their responsibilities, define, oversee and be responsible for the implementation of governance arrangements that ensure effective and prudent management of the institution, including the segregation of duties in the organization and the prevention of conflicts of interest. In defining systems of governance, the management and supervisory bodies, within the scope of their respective functions, assume overall responsibility for the institution and approve and control the implementation of its internal governance.

c) Statutory auditors are entrusted by law to conduct statutory audits of public-interest entities with a view to enhancing the degree of confidence of the public in the annual and consolidated financial statements of such entities. The public-interest function of statutory audit means that a broad community of people and institutions rely on the quality of a statutory auditor's or an audit firm's work. Good audit quality contributes to the orderly functioning of markets by enhancing the integrity and efficiency of financial statements. Statutory auditors therefore have a particularly important role in society.

d) It is important to ensure that the statutory audits of public-interest entities are of adequate quality and are carried out by statutory auditors subject to stringent requirements, thus allowing for the quality of statutory audits to achieve a high level of consumer and investor protection.

The Policy for Selection, Appointment and Evaluation of the novobanco Group Statutory Auditor and Contracting of Non-Prohibited Non-Audit Services is therefore adopted:

1. Definitions

The capitalized terms below shall have the meaning indicated after each one:

- a) **Notice:** the Notice from Bank of Portugal no. 3/2020, from 15 July 2020;
- b) **Bank:** Novo Banco, S.A., also referred as novobanco;
- c) **CMF:** the novobanco's Financial Affairs (Audit) Committee of the General and Supervisory Board;
- d) **CMVM:** the Portuguese Securities Commission (*Comissão do Mercado de Valores Mobiliários*);
- e) **CSC:** the Portuguese Commercial Companies Act (*Código das Sociedades Comerciais*), approved by the Decree-Law no. 262/86, from 2nd of September;
- f) **CVM:** the Portuguese Securities Code (*Código de Valores Mobiliários*), approved by Decree-Law no. 486/99, from 13th of November;
- g) **EOROC:** the Statute of the Statutory Auditors Bar Association, approved by Law no. 140/2015 from 7th of September, as amended;
- h) **Fit & Proper Officer:** the novobanco's *Fit & Proper Officer*, appointed pursuant to the novobanco's Policy for Selection and Evaluation of Novo Banco' Management and Supervisory Bodies and Key Function Holders;
- i) **Novobanco Group or Group:** the group of Companies;
- j) **Management Body:** the body which, pursuant to CSC and respective by-laws, is in charge of the administration of each of the Companies subject to the Policy;
- k) **Supervisory Body:** the body which, pursuant to CSC and respective by-laws, is in charge of the supervision of each of the Companies subject to the Policy;
- l) **Policy:** the present Policy for Selection, Appointment and Evaluation of the novobanco Group Statutory Auditor and Contracting of Non-Prohibited Non-Audit Services;
- m) **Regulation 537/2014:** 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;
- n) **Statutory Auditor:** this term includes the Statutory Auditors and the Statutory Auditors Firms;
- o) **RGICSF:** the Legal Framework for Credit Institutions and Financial Companies, approved by Decree-Law no. 298/92, from 31st, as amended;
- p) **RJSA:** the Legal Framework for Audit Supervision, as approved by Law no. 148/2015 from 9th September, as amended;
- q) **Audit Services:** the services foreseen in article 42 of EOROC. These services include, among other, the following services:
 - a. Issuance of the statutory auditor's certificate in relation to the financial statements (article 45 of EOROC and CSC);

- b. Issuance of audit reports on financial information, pursuant to the Regime da Gestão de Activos (“RGA”);
 - c. Issuance of the report foreseen in subparagraph b) of number 1 of article 29-G of CVM;
 - d. Issuance of the additional report foreseen in article 11 of Regulation 537/2014;
 - e. Voluntary audits to a set of financial statements, prepared in accordance with a general accounting framework, as of the year-end or an interim date (in compliance with the ISAs);
 - f. Audits of financial statements prepared in accordance with special purpose frameworks (as envisaged by ISA 800);
 - g. Audits of standalone financial statements and of specific elements, accounts, or items within a financial statement (as stipulated in ISA 805);
 - h. Engagements to report on summarized financial statements (as required by ISA 810).
- r) **Non-Audit Services:** the Permitted Non-Audit Services and the Prohibited Non-Audit Services;
- s) **Permitted Non-Audit Services:** the services referred to in number 4 of article 5 of Regulation 537/2014, that is, those that are comprised in the Statutory Auditor’s activity and are neither the Prohibited Non-Audit Services nor Audit Services. These services may be distinguished between:
- a. Services that are required by law to the Statutory Auditor, which include, among others:
 - The services foreseen in the Delegated Regulation 2019/980, from 14 March 2019;
 - The evaluation of the loan book impairment quantification procedure, as required by the Bank of Portugal’s Instruction no. 5/2013, from 15 April 2013, as amended.
 - b. Other Non-Audit services, which comprise, among others:
 - Services engaged by the Companies’ Supervisory Body aimed at evaluating the adequacy and the efficacy of the corporate culture and of the governance and internal control systems, pursuant to number 3 of article 56 of the Bank of Portugal’s Notice no. 3/2020;
 - Due diligence services regarding the acquisition or sale of assets;
 - Support services consisting for tax inspections or similar proceedings;
 - Training services and disclosure services of legal and regulatory news;
 - Other reliability assurance works (“assurance engagements”) regarding matters of corporate

governance and social responsibility or regarding compliance with regulatory reports other than what is covered by the financial statements' certification.

- t) **Prohibited Non-Audit Services:** the services referred to in article 5, number 1, of Regulation 537/2014, as amended; on the date of this Policy's approval, these services are those listed in Annex I of the Policy;
- u) **Companies:** the Bank and the Subsidiaries, when referred together;
- v) **Subsidiaries:** the credit and financial institutions controlled by the Bank, namely Novo Banco dos Açores, S.A., BEST – Banco Eletrónico de Serviço Total, S.A., and GNB – Gestão de Ativos, Sociedade Gestora de Organismos de Investimento Coletivo, S.A. and the company controlled by the latter (GNB – Sociedade Gestora de Fundos de Pensões, S.A.).

2. Legal and Regulatory Framework

1. This Policy intends to comply with article 115-A of RGICSF in what concerns the implementation and maintenance of an internal governance system that ensures compliance with applicable legislation and regulations, and with articles 38 and 39 of the Notice.
2. The Policy considers the applicable legal and regulatory framework including:
 - a) RGICSF;
 - b) The Bank of Portugal's Circular Letter CC/2018/00000022, from 5 March 2018;
 - c) The Bank of Portugal's Circular Letter CC/2020/00000020, from 23 March 2020;
 - d) The Bank of Portugal's Notice 3/2020;
 - e) The EOROC;
 - f) The RJSA;
 - g) CMVM's Regulation 5/2023;
 - h) CSC;
 - i) CVM;
 - j) Directive 2006/43/EC of the European Parliament and of the Council of May 17 2006, as amended by the Directive 2014/56/EU of the European Parliament and of the Council of April 16 2014k) Regulation 537/2014;
 - l) The novobanco's Articles of Association and those of the Entities indicated in chapter 1 of this Policy;
 - m) The Terms of Reference of the Financial Affairs (Audit) Committee of the novobanco General and Supervisory Board;
 - n) The Code of Ethics of the Statutory Auditors Bar Association;

o) CMVM's Frequently Asked Questions regarding the entry in force of the new EOROC and the RJSA, in force on the date of the approval of the Policy. (<https://investidor.cmvm.pt/PIInvestidor/Content?Input=3D28852A12A1A7060C2D292E9312E7DD2AB084FC20C0A0E9AB217EB3F627BB02>).

3. Scope

1. This Policy applies to the selection and appointment of the Statutory Auditor of novobanco Group and of the Subsidiaries and to its engagement to provide Permitted Non-Audit Services.
2. The present Policy shall be adopted by the Subsidiaries of novobanco through its approval by the competent bodies.
3. The present Policy foresees that the procedure to select and appoint the Statutory Auditor of novobanco and each one of the Subsidiaries is led, at novobanco Group level, by the CMF, who shall comply with the procedures defined in the present Policy. The procedure of formal appointment and engagement of the Statutory Auditor shall be made at the level and by each one of the Companies, pursuant to the management and supervisory model defined in the respective by-laws and internal regulations. The novobanco Group shall pursue the objective of harmonizing the Statutory Auditor's mandates of all the entities of the Group.

4. Goals

The Statutory Auditor selection and appointment procedure and the procedure regarding its engagement to provide Permitted Non-Audit Services foreseen in the present Policy aims to ensure, pursuant to the applicable law, that the Statutory Auditor meets all the necessary suitability requirements of skilfulness, experience, reputation, independence and time commitment and of reinforcing the conditions that enable the Statutory Auditor to perform its work with independence, impartiality and objectivity.

5. Appointment procedure

1. The Companies' Statutory Auditor is appointed by a resolution of the respective Shareholders' Meeting, adopted upon a proposal from the respective Supervisory Body.
2. In the case of an *ex-novo* appointment, this appointment shall be preceded by the selection procedure foreseen in the following chapters, and the Supervisory Body's proposal shall include, at least, two candidates and indicate, in a reasoned manner, the preferred candidate, so that the choice to be made in this respect can be an effective one, as per article 16 of Regulation 537/2014.

3. If the proposal submitted by the Supervisory Body to the Shareholders' Meeting diverges from the one presented by the CMF, the Supervisory Body's proposal shall explain the reasons why the CMF's preference was not followed.
4. In case of a renewal of the appointment of the current Statutory Auditor, the Supervisory Body's proposal shall include the evaluation of its performance in the previous mandate, as well as a reassessment of its suitability, namely in light of the following criteria: independence, reputation, compliance with the limit of positions held and technical and professional competence.
5. It is up to the CMF, through the *Fit & Proper Officer*, to convey the above-mentioned proposals to the Bank of Portugal with at least of 30 days prior to the date in which it is foreseen that they will be submitted to the Shareholders' Meeting.

6. Statutory Auditor Selection Procedure: general aspects

1. The novobanco and each of the Subsidiaries' Statutory Auditor selection procedure is led, reasonably in advance, at the novobanco Group level, by the CMF. This procedure shall follow the terms defined in the following paragraphs.
2. The Statutory Auditor selection procedure is composed of the following phases:
 - 2.1. Invitation for proposals;
 - 2.2. Proposals' analysis;
 - 2.3. Presentation to the Supervisory Body of the proposals' assessment report.
3. Invitation for proposals
 - 3.1. The invitation to submit proposals regarding Audit Services will be addressed by the CMF to the Statutory Auditors chosen by it for this purposes.
 - 3.2. Any Statutory Auditors that fulfil the requirements defined by paragraph a) of paragraph 3 of article 16 of Regulation no. 537/2014 may be invited.
 - 3.3. The list of Statutory Auditors to invite shall be defined by CMF considering the principle of seeking a participation of candidates in the process that is, within what is deemed reasonable and proportionate, extended.
 - 3.4. The invitation shall include all the necessary elements for the invitees to understand the activity to be audited, the type of legal revision that is envisaged and all the other relevant elements for the selection procedure, including, among other:

- a. the procedure's calendar;
 - b. information about the Bank and the Subsidiaries, as well as about the type of envisaged legal revision, which will include the description of the Audit Services and the Permitted Non-Audit Services that correspond to services required by law to the Statutory Auditor;
 - c. quality standards to be complied with;
 - d. the applicable selection criteria, as well as the weighting assigned to each of them, as defined in chapter 7 and Annex II of this Policy.
- 3.5. The invitation shall include a request for the subscription of a document confirming that the candidate meets all the legal requirements to fulfil the position of Statutory Auditor and that it is not in any situation of incompatibility or impediment. This document shall be accompanied by a description of the Statutory Auditor's internal organization that includes, at a minimum, the following:
- a. An overview of its internal quality control system policies and procedures and how they work;
 - b. Measures provided to remedy possible breaches of statutory audit rules, including those arising from Regulation 537/2014;
 - c. The procedure to control incompatibilities and impediments;
 - d. Monitoring of the Permitted Non-Audit Services;
 - e. Monitoring of the fees against total fees;
 - f. A procedure for appointing the Statutory Auditor responsible for internal quality control of the work;
 - g. Monitoring of the internal quality control of the work;
 - h. A gradual rotation process for senior management involved in the statutory audit.

4. Proposals' analysis

- 4.1. The Proposals' analysis phase includes:
- a. The proposals' assessment considering the applicable criteria, as well as the weight assigned to them, as described in chapter 7 and Annex II of this Policy;
 - b. The preparation of an assessment report which shall contain (i) the assessment results of each of the proposals, (ii) the proposals' ranking according to the above-mentioned criteria and (iii) a recommendation for selection of, at least, two candidates, explaining in a reasonable manner, which of them is/are considered preferable.

- 4.2. The Proposals' analysis phase is led by the CMF, with the support of the *Fit & Proper Officer* and of the Bank's or Subsidiaries' internal departments that he/they consider it is appropriate to be involved.
- 4.3. When applying the criteria foreseen in Annex II of this Policy, the CMF shall:
 - a. Start by making a suitability assessment in what concerns to the proposals and respective candidates. This assessment has a binary dimension, in the sense that it aims with regard to the parameters of reputation, professional skills, independence and time availability, to determine whether the proposals/respective candidates present the minimum attributes (or, in the case of reputation, have a good repute) to be able to conclude that the propose Statutory Auditor is suitable;
 - b. As a second step, and in what concerns the criteria suitable for a non-binary assessment (all those listed in Annex II of this Policy, apart from the "Duration of the audit commitment" and "Reputation"), the CMF shall rank the proposals/candidates that were found to be suitable according to the degree and extent of compliance with the criteria included in Annex II, taking into consideration the relative weight of each criteria;
 - c. The analysis above described shall consider the person being proposed as Statutory Auditor, its substitute and, if applicable, their team.

5. Submission of the assessment report to the Supervisory Body

Once the evaluation procedure has been concluded, the CMF shall present the assessment report to the Bank's and to each Subsidiary's Supervisory Body, as the case may be.

7. Statutory Auditor and its representatives' selection criteria

The selection (including the suitability assessment) of the Statutory Auditor and respective representatives shall be carried out considering eight criteria: 1) duration of the audit commitment; 2) experience; 3) integrity and reputation; 4) conflicts of interest and independence; 5) time availability; 6) human recourses; 7) understanding of the Companies' and respective Group's activity and 8) financial conditions of the proposal, which are described below:

1. Duration of the audit commitment:

- 1.1. The minimum initial commitment is 2 (two) years, and its maximum duration is 10 (ten) years considering, for this purpose, the term of office defined in the by-laws of each of the Companies.
 - 1.2. After reaching the maximum term of office, the Statutory Auditor shall not be allowed to carry out its activity in the same Company during a period of four years ("*cooling-off period*").
 - 1.3. The lead audit partners responsible for the legal audit review will cease to participate in such review no later than 7 (seven) years after their appointment and shall not be allowed to carry out such activity for novobanco or the Subsidiaries before 3 (three) years has elapsed following its termination.
 - 1.4. The Statutory Auditor must be capable to demonstrate to the Supervisory Body that it has a gradual and adequate rotation mechanism that complies with article 54, number 7 of EOROC and article 17 of Regulation 537/2014.
 - 1.5. The audit commitment duration shall be counted as from the first financial year covered by the audit engagement letter pursuant to which the Statutory Auditor was appointed for the first time to carry out the legal audit review of novobanco or the Subsidiaries' financial statements.
2. Experience:
- 2.1. The Statutory Auditor and respective representatives must evidence that they have the required competences and skills to be able to carry out their function. These competences and skills must have been acquired through academic qualifications or specialized training suitable for the function as well as professional experience with a time length and level of responsibility commensurate with the characteristics and complexity of novobanco Group and the risks associated with its activity.
 - 2.2. The Statutory Auditor and respective representatives must evidence that they have sufficient previous training for them to be able to understand the operations and activities of novobanco Group, to assess the risks it is subject to and to make critic analysis of the decisions taken by the Group.
 - 2.3. This assessment shall not be limited to the academic degree, or the previous functions carried out in a financial institution or other company. It shall rather include the practical experience of the Statutory Auditor and respective representatives in previous positions and consider the nature, dimension, and complexity of novobanco Group's activities, as well as of the function to be carried out.

- 2.4. Accordingly, the assessment of the Statutory Auditor' and respective representatives' experience, shall consider the theoretical experience, namely on the following domains:
- a. Accounting theory and principles;
 - b. Legal rules and requirements regarding the preparation of consolidated annual accounts;
 - c. International accounting standards;
 - d. Financial analysis;
 - e. cost and managing accounting;
 - f. risk management and internal control;
 - g. audit and professional competences;
 - h. legal requirements and professional rules regarding legal audit reviews and statutory auditors;
 - i. international audit standards;
 - j. professional ethics and independence;
 - k. financial and banking markets;
 - l. strategic planning, ability to understand the commercial strategy and the business plan of a credit institution, as well as the respective implementation requirements;
 - m. risk management (identification, assessment, monitoring, control and mitigation of the main types of risk of a credit institution).
- 2.5. The Statutory Auditor and respective representatives must also have acquired practical and professional experience in an audit function for a sufficiently long period, which shall be specifically assessed in what concerns to:
- a. the previous professional experience's duration, particularly the experience in auditing financial statements of credit institutions or large companies;
 - b. the nature and complexity of the activity and of the organization structure of the company in which the audit function was carried out;
 - c. the assignments' scope, decision powers and responsibilities;
 - d. the technical knowledge that was acquired in carrying out the previous function in what concerns credit institutions' activities and the understanding of the risks to which credit institutions are exposed to.
- 2.6. Experience may have been acquired in academic positions; in this case it will be particularly relevant the academic courses' level and profile and their relationship with banking, financial and other relevant domains; in general, academic courses in the fields of banking, finance, economy, law, administration, financial regulation, engineering, information technology

and quantitative methods are considered to bear a relationship with banking and financial services.

3. Integrity and reputation

- 3.1. The integrity and reputation assessment shall take into account (i) the way the Statutory Auditor carries out its profession, particularly its ability to take decisions in a measured and prudent manner, to timely meet its obligations and to behave in a manner compatible with preserving the market trust, taking into account all the relevant circumstances for an evaluation of its professional conduct and (ii) the image of credibility and seriousness that prevails in the market about the Statutory Auditor.
- 3.2. Integrity will be assessed using objective criteria and, whenever possible, will use information (as complete as possible) gathered about previous functions carried out by the Statutory Auditor and its key partners. It will consider the Statutory Auditor main behavioural features and the context in which its decisions were taken.
- 3.3. The assessment will consider, at least, the following circumstances:
 - a. Evidence that the Statutory Auditor and its key partners have not acted in a transparent or cooperative manner in their relations with any national or foreign supervisory or regulatory authorities;
 - b. Refusal, revocation, cancellation or cessation of registration, authorisation, admission or license to engage in a commercial business or professional activity, by a supervisory authority, professional body or body with similar functions, or removal of the exercise of a position by a public entity;
 - c. Prohibition, by judicial authority, supervisory authority, or professional body with similar functions, to act as statutory auditor of a company;
 - d. Defaults recorded in Banco of Portugal Central Credit Register or any other records of a similar nature, maintained by the competent authority;
 - e. Personal insolvency, regardless of its qualification;
 - f. Civil and administrative proceedings or criminal prosecutions, as well as any other circumstances which may have a significant impact on the reputation and financial status of the person.
- 3.4. In general, the Statutory Auditor and its key partners are of good repute, honest and with integrity unless there is information or signs suggesting otherwise or any well-grounded reason for doubt.
- 3.5. The assessment of integrity and reputation shall consider the existing general perception in the market about the Statutory Auditor. For such

purpose, any reliable information/news about the Statutory Auditor and its activity or independent third parties' opinions, may be taken into account.

4. Incompatibilities, conflicts of interest and independence

4.1. Incompatibilities established by law for the Statutory Auditor determine that the following persons must not be elected or designated as Statutory Auditor:

- a. The beneficiaries of particular advantages from the audited Companies;
- b. Those exercising management functions at the audited Companies;
- c. Members of the management bodies of companies that have a controlling or group relationship with the audited Companies;
- d. The partner of a general partnership who is in a controlling relationship with the audited Companies;
- e. Those who, directly or indirectly, provide services or establish a significant commercial relationship with the Companies or a company in a group or control relationship with the Companies;
- f. Those who exercise functions in a competing company, who act on behalf of or for the account of or are in any way connected with the interests of the competing company;
- g. The spouses, those who cohabit or relatives and kin in a direct line of ascendance, up to and including the 3rd degree, in the collateral line, of persons disqualified under the terms of subparagraphs a), b), c), d) and f) above, as well as the spouses of persons affected under e);
- h. Statutory auditors in relation to whom there are other incompatibilities provided for in the respective legislation;
- i. Those who are prohibited, incapacitated, insolvent, bankrupt and those sentenced to penalties that prohibit them, albeit temporarily, from exercising public functions.

4.2. The requirement for independence is intended to prevent the risk of subjecting the Statutory Auditor to the undue influence of other persons or entities and to encourage it to perform its duties in an impartial manner.

4.3. The independence requirement is set out in article 73 of the EOROC which states that, before accepting any auditing services, the Statutory Auditor shall assess and document compliance with the requirements for independence in relation to those services. Accordingly, the candidate shall inform the CMF in writing that fulfils all the legal requirements, notably those mentioned above in EOROC. To this end, the candidate must sign a written declaration confirming that meets all the legal

requirements to perform its duties and that there is no incompatibility or impediment to providing those services.

4.4. The statement referred to in the previous paragraph must be accompanied by a description of the internal organization of the Statutory Auditor, which shall include as a minimum:

- a. An overview of its internal quality control system policies and procedures and how they work;
- b. Measures provided to remedy possible breaches of statutory audit rules, including those arising from Regulation 537/2014;
- c. The procedure to control incompatibilities and impediments;
- d. Monitoring of the Permitted Non-Audit Services;
- e. Monitoring of the fees against total fees;
- f. A procedure for appointing the Statutory Auditor responsible for internal quality control of the work;
- g. Monitoring of the internal quality control of the work;
- h. A gradual rotation process for senior management involved in the statutory audit.

4.5. The Statutory Auditor must be actively involved in its duties, be able to make its own decisions and form its own judgements in an appropriate, objective and independent manner.

4.6. The Statutory Auditor shall maintain a policy of recording and mitigating conflicts of interest, and is obliged by its by-laws, and by the Companies' internal rules, to indicate any potential or actual conflict of interest,

4.7. observing the limitations provided for by Law, in accordance with what is established, with the necessary adaptations, to the provisions of chapter 10 of this Policy.

5. Time Availability

5.1. The Statutory Auditor must devote adequate time, considering the size of the Companies and the complexity of its activity, to fully perform the powers that were granted to him within the framework of its commitment.

5.2. If and when the Statutory Auditor wishes to combine its position in the Companies with other positions in other entities, it shall inform the CMF and the Subsidiaries' Supervisory Body about those positions.

6. Human Resources

The time and the human resources (split by professional category) that the Statutory Auditor proposes to allocate to the performance of its duties should be indicated and assessed.

7. An understanding of the audit Companies' and the novobanco Group's activity, of the Companies and the Group to which it belongs.

8. Financial conditions of the proposal

The proposals' assessment must also take into account the proposed financial conditions (e.g. price of the services, costs/expenses incurred in connection with the work to be carried out to be borne by the Companies), their reasonableness as consideration for the services in question, how they compare with the other proposals and market conditions. This assessment shall also include the verification of compliance with the requirements set in article 4 of Regulation 537/2014.

The assessment criteria listed above shall be considered in two perspectives:

- a. Proposal's Technical Assessment: Requirements referred to in subparagraphs 1 to 7, with an aggregated value of 75%;
- b. Proposal's Financial Assessment: Requirement referred to in subparagraph 8, with a value of 25%.

As detailed in Annex II of the Policy.

8. Statutory Auditor Reappointment procedure

1. The Statutory Auditor reappointment procedure comprises two phases:

- 1.1. Assessment Phase;
- 1.2. Presentation of the assessment report to the Supervisory Body;

2. Assessment Phase

- 2.1. The assessment phase is led by the CMF, with the collaboration of the *Fit & Proper Officer* and of the Bank's or Subsidiaries' internal departments that he/they consider it is appropriate to be involved.
- 2.2. In this phase, the CMF shall assess the performance of the Statutory Auditor in office up to the date of such assessment and shall also renew its suitability assessment, considering, among other, the criteria set in subparagraphs 2 to 5 of previous chapter.

- 2.3. The assessment referred to in the previous paragraph shall be documented by a written report.
3. Presentation of the assessment report to the Supervisory Body
 - 3.1. After the assessment report is completed, the CMF shall present the assessment report to the Bank's and to each Subsidiaries' Supervisory Body, as the case maybe.
 - 3.2. To allow for a timely reappointment of the Statutory Auditor, the assessment report shall be presented to the Bank's or each of the Subsidiaries Supervisory Body with sufficient advance notice considering the date scheduled for the reappointment.

9. Non-Audit Services

1. The Statutory Auditor is prohibited from providing to the audited Companies Prohibited Non-Audit Services. For ease of reference, a list of the Prohibited Non-Audit Services is included in Annex I of this Policy.
2. The Statutory Auditor and members of its network are only allowed to provide non-audit services to novobanco, its controlling company and companies controlled by novobanco that are Permitted Non-Audit Services.
3. The engagement of the Statutory Auditor to provide Permitted Non-Audit Services shall be assessed and decided within the framework of the selection or reappointment processes covered by the previous chapters
4. The provision by the Statutory Auditor (or members of its network) of Permitted Non-Audit Services different from those mentioned in the previous paragraph to novobanco, its controlling company and companies controlled by novobanco shall be subject to the previous approval of the Supervisory Body of the Company to whom these services are intended to be provided.
5. The Supervisory Body's resolution that approves the proposal for the provision of Permitted Non-Audit Services must be based on a recommendation from the CMF.
6. The CMF's recommendation mentioned above shall be approved based on a reasoned analysis from novobanco's Compliance Department (or, if the service is to be rendered to a Subsidiary, by its own Compliance Department/Unit), which will consider:
 - 6.1. checking whether the service is or is not a Prohibited Non-Audit Service;

- 6.2. whether there are circumstances that may pose a threat to the Statutory Auditor's independence and objectivity, as foreseen in article 71 of EOROC, and, if those circumstances are found to exist, the identification of safeguard measures to be used; this assessment shall specifically verify the compliance with the limit foreseen in article 4, number 2, of Regulation 537/2014 (if applicable).

10. Prevention, communication and managing of conflicts of interest

1. The Statutory Auditor shall avoid any situation that could give rise to a conflict of interest.
2. Conflicts of interest are dealt with under the terms of the internal regulation of novobanco Group, namely the Code of Conduct, Conflicts of Interest Policy, Policy on Transactions with Related Parties and this Policy.
3. Any situation of conflict of interest must be reported to the CMF. These situations, as well as situations directly identified by the CMF or situations identified by the Subsidiaries' Supervisory Bodies and reported to the CMF, shall be assessed by the CMF in order to identify whether they affect the independence of the Statutory Auditor and require any safeguard action.
4. The CMF shall report the above-mentioned situations to novobanco's Supervisory Board, or, if applicable, to the Subsidiaries' Supervisory Bodies, and to novobanco's Compliance Department. The latter shall issue an opinion on the matter as provided for in the Conflicts of Interest Policy.
5. The Supervisory Body will promote initiatives that may be necessary to remedy the identified conflict of interest situations and will adopt additional measures deemed appropriate to strengthen the prevention mechanisms in place.

11. Monitoring and control of the Statutory Auditor's services

1. The monitoring of the Statutory Auditor's activity throughout its mandate aims to identify situations that may hinder the exercise of its functions with independence or other situations that may compromise its suitability, and to contribute to its performance assessment. For this purpose, the information that, pursuant to the applicable law, the Statutory Auditor must provide to novobanco and the Subsidiaries, namely the ones foreseen in articles 73 and 78 of EOROC and article 6 number 2 of Regulation 537/2014, as well as the value and significance of the Permitted Non-Audit Services provided by the Statutory Auditor to novobanco and the Subsidiaries, will assume core relevance.

2. In the context of the Statutory Auditor's activity monitoring throughout its mandate, the CMF and the Supervisory Body of each one of the Subsidiaries, as the case may be, shall, once per year, invite the Statutory Auditor for a meeting in which they will assess the services rendered in the previous year, analysing, among other, the following aspects: (i) possible changes to the elements that were declared and included in the initial assessment report about the Statutory Auditor and (ii) availability for the exercise of its function. In that same meeting, the information provided by the Statutory Auditor, namely those foreseen in articles 73 and 78 of EOROC, will be addressed and discussed. Provided that is convenient, only one meeting between the Statutory Auditor, the CMF and the Subsidiaries' Supervisory Body will be assembled.
3. If the CMF concludes that the Statutory Auditor no longer meets the required suitability conditions to continue carrying out its functions, procedures will be initiated to immediately inform the Bank of Portugal, CMVM, the European Central Bank and the Statutory Auditors Bar Association ("OROC") about the actions proposed or taken by the institution to remedy the situation. Alongside, a new Statutory Auditor selection process, in accordance with this Policy, will be launched.
4. The Supervisory Body of each of the Companies ensures, annually (i) the provision of information to the respective Management Body on the results of the legal audit of accounts and the explanation of how this contributed to the integrity of the preparation process and disclosure of financial information, as well as the involvement that the Supervisory Body played in this process; and (ii) information, also to the Management Body, of its action to monitor the legal review of individual and consolidated annual accounts, namely its execution.
5. The Statutory Auditor must promptly inform the *Fit & Proper Officer* and the Compliance Department, as well as the CMF or the Supervisory Body of each one of the Subsidiaries (as the case may be), about any supervening fact that changes or may change, in a relevant manner, the content of the information transmitted in the context of the selection or reappointment procedure. This information will trigger the need for the Statutory Auditor's suitability reassessment.
6. novobanco and each one of the Subsidiaries shall keep a comprehensive and updated record of all the procedures, reports and support documentation regarding the assessments that were conducted.

12. Training

1. The Supervisory Body is responsible to ensure that the persons involved in the Statutory Auditor selection and appointing procedures and in the Permitted Non-Audit engagement procedure have the required competence and knowledge to comply with their duties, namely through the attendance of training sessions.

2. For the purposes of the previous number, the novobanco and Subsidiaries Supervisory Body's members, as well as the *Fit & Proper Officer* and other employees of the departments of novobanco and Subsidiaries who regularly participate in this process, must attend training sessions on the same and about the responsibilities that each one of them has in it, every two years or whenever there are relevant modifications to the process, changes in the legal and regulatory framework or new members/employees begin their duties.

13. Review of the Policy

1. The CMF shall promote the review of this Policy at least every two years, or sooner if deemed necessary, by submitting any recommendations for its amendment to the General and Supervisory Board.
2. The General and Supervisory Body will review the recommendations made by the CMF, and in the event of a disagreement, it shall communicate its reasons and alternative solutions to the CMF. If the General and Supervisory Body agrees and approves the CMF's recommendations, it shall submit the corresponding amendment proposals to this Policy to the Shareholders' Meeting.
3. The Subsidiaries' Supervisory Bodies must evaluate the proposed amendments and, if they have no objections, implement the changes approved under the terms of the previous number and submit them to their Shareholders Meeting.

14. Approval, entry into force and amendments

The Policy was approved by novobanco Shareholders Meeting on the 22nd of March 2024 and will enter in force on that date.

15. Publication

This Policy shall be published at novobanco institutional website, as well as in the Subsidiaries' institutional website, and will also be published in the Companies' internal portal (intranet).

ANNEX I -List of Prohibited Non-Audit Services

- a) Tax advisory services related to:
 - i. The preparation of tax returns;
 - ii. Taxes on salaries;
 - iii. Customs duties;
 - iv. The identification of public subsidies and tax incentives, unless the support of the statutory auditor or audit firm for such services is required by law;
 - v. Support for inspections by tax authorities, unless the support of the statutory auditor or audit firm in relation to such inspections is required by law;
 - vi. The calculation of direct and indirect taxes and deferred taxes;
 - vii. The provision of tax advice.¹
- b) Services involving any participation in the management or decision-making of the audited entity;
- c) The preparation and entry of accounting records and accounts;
- d) Salary processing services;
- e) The design and implementation of internal control or risk management procedures related to the preparation and/or control of financial information or the design and implementation of computer systems used for the preparation of such information;
- f) Evaluation services, including actuarial or litigation support services;
- g) Legal services, in matters of:
 - i. Provision of general advice;
 - ii. Negotiation on behalf of the auditee; and
 - iii. Exercise of representative duties in the context of dispute settlement;
- h) Services related to the internal audit function of the audited entity;
- i) Services associated with the financing, capital structure and allocation and the investment strategy of the audited entity, except for the provision of assurance services regarding accounts, such as the issuance of "comfort letters" relating to prospectuses issued by the audited entity;
- j) The promotion, negotiation or firm underwriting of shares of the audited entity;
- k) The human resources services concerning:
 - i. Management positions likely to exert significant influence on the preparation of the accounting records or accounts subject to statutory audit, when the following services are involved:
 - The selection or search for candidates for such positions;
 - Checks on candidates' references for such positions;
 - ii. The configuration of the organisation structure; and
 - iii. Cost control.

Note: In accordance with the provisions of article 5, no. 1 of Regulation (EU) No. 537/2014, the prohibition on the provision of the services indicated above applies:

a) During the period between the beginning of the audited period and the issuance of the audit report or legal certification of accounts; It is

b) In relation to the services referred to in subparagraph e) of article 5, no. 1, second paragraph of the Regulation, also during the financial year immediately preceding the period referred to in the previous subparagraph.

ANNEX II - Assessment Matrix

Criteria	Weight criteria to be fulfilled	Evaluation
Duration of the Auditor Engagement	No weight; comply with the limits foreseen in the law.	Ensure, otherwise initial appointment (renewal) impossible.
Suitability	No weight	It has/It has not; in the second case, the proposal should be disqualified.
Experience	25%	Evaluate, as per the applicable regulatory framework (see chapter 2 of this Policy). Grade (by percentage of weight): Very Good: 100% Good: 80% Sufficient: 60% Insufficient: 0%
Reputation	5%	Evaluate, as per the applicable regulatory framework (see chapter 2 of this Policy). Grade (by percentage of weight): Very Good: 100% Good: 80% Sufficient: 60% Insufficient: 0%
Incompatibilities, Conflicts of Interest and Independence	10%	Evaluate, as per the applicable regulatory framework (see chapter 2 of this Policy). Grade (by percentage of weight): Very Good: 100% Good: 80% Sufficient: 60% Insufficient: 0%
Auditor's Internal Control	10%	Evaluate, as per the applicable regulatory framework (see chapter 2 of this Policy). Grade (by percentage of weight): Very Good: 100% Good: 80% Sufficient: 60% Insufficient: 0%
Dedication (time), Availability, Human Resources and understanding of the activity of the	25%	Evaluate, as per the applicable regulatory framework (see chapter 2 of this Policy). Grade (by percentage of weight): Very Good: 100% Good: 80% Sufficient: 60% Insufficient: 0%

Criteria	Weight criteria to be fulfilled	Evaluation
Bank and of the Group		
Financial Terms of the proposal	25%	Evaluate, as per the applicable regulatory framework (see chapter 2 of this Policy). Grade (by percentage of weight): Very Good: 100% Good: 80% Sufficient: 60% Insufficient: 0%