

# 2023

## **Policy for Selection, Appointment and Evaluation of the Novo Banco Statutory Auditor and Contracting of Non-Prohibited Non-Audit Services**



Novo Banco Group  
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Whereas:

- a) The Portuguese Securities Market Commission (CMVM) 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 (Legal Framework for Audit Supervision), as amended, and other applicable legal provisions.
- b) Credit institutions' management and supervisory bodies shall 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 organisation 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, contributing to the quality of statutory audits to achieve a high level of consumer and investor protection.

The **Policy for Selection, Appointment and Evaluation of the Novo Banco Statutory Auditor and Contracting of Non-Prohibited Non-Audit Services (henceforward "the Policy")** is therefore adopted:

## 1

### Legal and Regulatory Framework

- 1. This Novo Banco, S.A. ("NOVO BANCO" or "Bank") Policy for Selection, Appointment and Evaluation of the Statutory Auditor /Audit Firms and Contracting of Non-prohibited non-audit services ("The Policy") results from the obligations arising under article 115-A of the Regime Geral das Instituições de Crédito e Sociedades Financeiras ("RGICSF") and articles 38º and 39º of Notice no. 3/2020 of Bank of Portugal.
- 2. The Policy has been prepared considering the applicable legal and regulatory framework including:
  - a) The Regime Geral das Instituições de Crédito e Sociedades Financeiras("RGICSF"), approved by the Decree-Law no. 298/92, of December 31, 199, as amended;
  - b) Circular-Letter no. CC//2018/00000022 from Bank of Portugal, of March 5 2018;
  - c) Circular-Letter no. CC//2020/00000020 from Bank of Portugal, of March 23 2020;
  - d) Notice no. 3/2020 of Bank of Portugal, of 15 July 2020;
  - e) Law no. 140/2015 of September 7 (Statutes of the Order of Chartered Accountants "- EOROC"), as amended;

- f) Law no. 148/2015 of September 9 (Legal Framework for Audit Supervision - “RJSA”), as amended;
  - g) Regulation no. 4/2015 of the Portuguese Securities Market Commission (“CMVM”) as amended by Regulation No. 2/2017 of the CMVM;
  - h) The Commercial Companies Code (“CSC”), approved by the Decree-Law no. 262/86, of September 2, as amended;
  - i) The Portuguese Securities Market Code (“CVM”), approved by the Decree-Law no. 486/99, of November 13, as amended;
  - 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 2014;
  - k) 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 (Regulation (EU) 537/2014).
  - l) The NOVO BANCO Articles of Association and those of the Entities indicated in chapter 2 of the Policy hereunder;
  - m) The Rules of Procedure of the Financial Affairs (Audit) Committee of the NOVO BANCO General and Supervisory Board;
  - n) The Code of Ethics of the Order of Chartered Accountants;
  - o) Securities Market Commission Frequently Asked Questions regarding the entry in force of the new Statutes of the Order of Chartered Accountants and the new legal regime on Audit Supervision, in force on the date of the approval of the Policy.
3. For the scope of this Policy, the reference to Statutory Auditors shall apply to the statutory Auditor and to Audit Firms.

## 2 Scope

1. This Policy applies to the selection, appointment and evaluation of the Statutory Auditor of NOVO BANCO and of the credit and financial institutions it dominates, namely Novo Banco dos Açores, S.A., BEST – Banco Eletrónico de Serviço Total, S.A. and GNB Gestão de Ativos, SGPS, S.A and companies dominated by this one<sup>1</sup> (henceforth all designated as Subsidiaries of NOVO BANCO and, each one, together with NOVO BANCO as “Companies”) and to their joint contract of Non-prohibited non-audit services to the Statutory Auditor.
2. The present Policy shall be adopted by the Subsidiaries of NOVO BANCO.
3. The present Policy states that the procedure to select, appoint and evaluate the adequacy of the Statutory Auditor and of each of the Subsidiaries of NOVO BANCO is led, at Group NOVO BANCO level, by the Financial Affairs (Audit) Committee of NOVO BANCO (henceforth abbreviated to Financial Affairs (Audit) Committee), being applicable the procedures stated in the present Policy and the procedure of formal appointment and contract of the Statutory Auditor being made at each of the Companies.

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<sup>1</sup> GNB Gestão de Patrimónios – Empresa de Investimento S.A.; GNB Fundos Mobiliários - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.; GNB Real Estate - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.; GNB - Sociedade Gestora de Fundos de Pensões, S.A. ; GNB -International Management, S.A.

### 3

#### Goals

1. This Policy and the suitability assessment of the Statutory Auditor aims to ensure that the Statutory Auditor meets the necessary requirements of suitability (“fit and proper” process), professional experience, independence and availability and shall consider the nature, size and complexity of NOVO BANCO activity and of the NOVO BANCO Subsidiaries, and the responsibilities associated to the specific tasks to be performed.
2. The abovementioned suitability assessment should take into account the characteristics of the Statutory Auditor, namely:
  - i) The time limitations to the mandate;
  - ii) Adequate knowledge, skills and experience of the Statutory Auditor and his/her Team;
  - iii) The Reputation of the Statutory Auditor and of the Senior Partner;
  - iv) Absence of conflicts of interest, situations of incompatibilities and independence;
  - v) Dedication, availability and quality of human resources.

### 4

#### Responsibility for evaluating the suitability of the Statutory Auditor and his/her appointment

1. The procedure to select the Statutory Auditor of NOVO BANCO and of each of the Subsidiaries of NOVO BANCO is led, at the level of Group NOVO BANCO, by the Financial Affairs (Audit) Committee, being applicable the procedures provided in the present Policy. The process of formal appointment and contract of the Statutory Auditor is made by each of the Companies in accordance with their individual model of management and supervision, as defined in their by-laws and internal norms and in accordance with applicable regulations.
2. The Supervisory Body of each of the Companies, the *Fit & Proper Officer*, and the Shareholders General Meeting (for each of the Companies) share the responsibility for evaluating the suitability of the NOVO BANCO Statutory Auditor and its appointment, as indicated hereunder.
3. The Financial Affairs (Audit) Committee of NOVO BANCO:
  - a) Is the internal Body responsible for evaluating the suitability of the Statutory Auditor.
  - b) It is responsible for:
    - i. identifying the adequate candidates (fit and proper process) for the position of Statutory Auditor, starting and conducting a selection process in accordance with the applicable legal terms, with the collaboration of the *Fit & Proper Officer* and of other Bank's Departments, as needed, and validating the respective Evaluation Report (with the evaluation of fulfilling the selection criteria by the candidates and the conclusions of the selection process);
    - ii. submitting to the General and Supervisory Board of NOVO BANCO the Evaluation Report mentioned in i. above and the proposal for the appointment of the Statutory Auditor in which, except in case of renewal of the Statutory Auditor mandate, must include at least two candidates and indicate its justified preference for one of the candidates and preparing the proposal for the election of the Statutory Auditor to be submitted by the General and Supervisory Board to the General Meeting of Shareholders;
    - iii. make available to the Supervisory Bodies of each of the Subsidiaries of NOVO BANCO for their analysis the report mentioned in i. above, which aims to support the

recommendation of appointment of the Statutory Auditor to be made by the Supervisory Body of each of the Companies to its Shareholders General Meeting.

- iv. supporting the General and Supervisory Board in the monitoring process of the independence, adequacy, qualifications and efficiency of the Statutory Auditor, as well compliance with the rules related to the rotation of its members and, when applicable, in the revaluation of performance, knowledge, skills and experience of the Statutory Auditor;
- v. supporting the General and Supervisory Board in the attribution, maintenance, renewal and termination of the Statutory Auditor's mandate, and submitting proposals to the General and Supervisory Board on the remuneration of the Statutory Auditor;
- vi. draw up the reports and recommendations to the Executive Board of Directors of NOVO BANCO regarding the implementation of this Policy in NOVO BANCO and in its Subsidiaries;
- vii. reviewing and propose amendments to this Policy to the General and Supervisory Board in order to its subsequent submission to the General Meeting of Shareholders for approval;
- viii. monitoring compliance with this Policy, namely the fulfilling of the requirements for rendering of non-audit services to the Statutory Auditor, to the Bank and to the Companies, and reporting to the General and Supervisory Board on a by-yearly basis, without prejudice to *ad hoc* reports on situations whose nature or seriousness so requires.

#### 4. *Fit & Proper Officer*

The Fit & Proper Officer, appointed in accordance with the Policy for Selection and Evaluation of Novo Banco Management and Supervisory Bodies and Key Function Holders, participates in the selection and/or evaluation process initiated and conducted by the Financial Affairs (Audit) Committee, carrying out the fit and proper assessments requested by the Committee and submitting the relevant reports to it.

#### 5. Other departments

The Financial Affairs (Audit) Committee of NOVO BANCO may request the support of other Bank or NOVO BANCO Group Structures in the selection process. The Supervisory Bodies of the Subsidiaries may request the support of other structures of that Subsidiary level.

#### 6. General and Supervisory Board and Supervisory Bodies of the Subsidiaries

They are responsible to submit to the Shareholders General Meeting a proposal for the election of the Statutory Auditor and its substitute. Should the proposal presented by the General and Supervisory Board (or by the Supervisory Body of the Subsidiary) diverge from the preference expressed by the Financial Affairs (Audit) Committee, the proposal indicates the reasons why the Committee's recommendation was not followed.

It is also responsible for ensuring that the individuals involved in the selection and appointment process of the Statutory Auditor and in the process of contracting non-prohibited non-audit services have the necessary levels of competence and knowledge to fulfil their responsibilities, for instance by attending regular training sessions.

#### 7. Shareholders General Meeting

The Statutory Auditor of the Bank and its substitute are elected by the General Meeting based on a proposal presented by the Supervisory Body of each of the Companies.



## 8. Confidentiality

The Members of the Financial Affairs (Audit) Committee, the General and Supervisory Board of NOVO BANCO, the Supervisory Bodies of the Subsidiaries of NOVO BANCO, as well as the Fit & Proper Officer and other persons that attend the meetings of these Supervisory Bodies, and or take part in the fit and proper assessment process must maintain confidentiality on reports and documents they have received and respective contents of discussions and deliberations, as well as on all confidential information and sensitive information from the Companies, as applicable (i.e. confidential operating and business information, which has come to their knowledge as a result of their activity on said bodies). The confidentiality requirement shall remain even after the end of their activity.

## 5

### **Procedures for Selection and Evaluation of the Statutory Auditor (initial and successive)**

1. The procedures for the selection and appointment of the Statutory Auditor and its representatives shall include an initial evaluation and, subsequently, an ongoing monitoring of its activity and, as needed, an evaluation of adequacy.
2. The initial evaluation shall be carried out when is not linked to a mandate renewal, according to the following procedures:
  - a) The Financial Affairs (Audit) Committee shall take the initiative and make its best efforts to identify prospective Statutory Auditors, and to prepare the corresponding succession process within an appropriate time frame to avoid any disruption on the Bank activity. This process shall be initiated at least 6 months before the date foreseen for the contracting of the Statutory Auditor.
  - b) To this end, the Financial Affairs (Audit) Committee shall organise a selection process in accordance with the applicable legal rules, using the resources identified in chapter 4, (3) (b) (i.), and may also use external resources to support this selection.
    - i. Any statutory auditor or audit firm may be invited to submit proposals for the provision of statutory audit services, and it must be ensured that in defining requirements the organisation of the tender process is balanced to ensure the participation of several possible candidates;
    - ii. A document defining the relevant and guiding aspects of the consultation and selection process shall be made available to candidates. Among those aspects:
      - form, participants, timing of the process;
      - information on the Bank's activity and of the Branches of NOVO BANCO and of its Subsidiaries and the type of statutory audit to be performed, which shall include both the audit work and the non-audit services required by law from the statutory auditor;
      - quality standards to be observed;
      - applicable evaluation and suitability criteria, as well as the weighting given to each of them, as indicated in Annex II;
    - iii. The selection process must be carried out in an equitable manner.
    - iv. The selection process must be conducted fairly.
  - c) An initial assessment Report on suitability shall be prepared and submitted by the Chief of Staff and by the Fit & Proper Officer, assisted by the Legal Department, in accordance

with the preceding paragraph, which shall contain at least an independent and reasoned analysis of the "Suitability Requirements of the Statutory Auditor" (as described in Article 6 of this Policy -"Initial Assessment Report"), assessing the candidates' compliance with the selection criteria and submitting the conclusions of the selection process.

- d) In preparing this report, it may be requested the assistance of other departments of the Bank, or of Subsidiaries of NOVO BANCO which have a duty to cooperate.
  - e) The Financial Affairs (Audit) Committee shall consider and validate the initial assessment report prepared under the above paragraph and present it to the General and Supervisory Board, recommending at least two candidates and its reasoned preference for one of them.
  - f) Upon completing the procedure, the Financial Affairs (Audit) Committee will make the report available to the Supervisory Body of each of the Subsidiaries of NOVO BANCO, aiming to support the recommendation to appoint the statutory Auditor by each of these Bodies to their Shareholders General Meeting.
  - g) The Supervisory Body of each of the Companies shall select at least two candidates to be proposed to the General Meeting of the Companies and indicate a duly justified preference for one of them so that a real choice can be made, according to article no.16 of the Regulation (EU) no. 537/2014;
  - h) The Financial Affairs (Audit) Committee shall inform, through the Fit & Proper Officer, about the proposal to the Bank of Portugal, to the Securities Market Commission and to the Order of Chartered Accountants, with a minimum of thirty days in advance of the date intended as date for presentation to the Shareholders General Meeting.
3. In the event of renewal of the mandate of the Statutory Auditor in exercise of functions, the competitive selection process is waived. The renewal of the mandate will be preceded by an assessment of the Statutory Auditor's performance in the previous mandate, as well as a review of its suitability, namely in light of the criteria of independence and suitability, compliance with the rules on the number of positions held and suitability of the technical and professional capacity that support the renewal proposal that the Supervisory Body will present to the General Meeting.
4. The monitoring of the activity of the Statutory Auditor during its mandate aims to identify eventual situations that may hamper the exercise of its functions in an independent way or any other situations that may call into question its adequacy and be considered in the assessment of its performance. To this end, it will be relevant the information that the Statutory Auditor legal and regulatory framework must be provided to NOVO BANCO and its Subsidiaries, namely those in articles 73º and 78º of EOROC;
5. The Statutory Auditor is obliged to immediately inform the Financial Affairs (Audit) Committee, the Fit & Proper Officer and the Compliance Department, and the Supervisory Bodies of Subsidiaries on NOVO BANCO (if applicable) of any supervening fact that change or it is likely to change the content of the information provided upon its initial evaluation, a circumstance which evaluation will be carried out if there are facts that determine the need of a revaluation on the suitability of the Statutory Auditor.
6. Without prejudice to the continuous monitoring of the activity of the Statutory Auditor, as per the next paragraph, in case of mandate renewal there is a reassessment of adequacy, under the responsibility of the Financial Affairs (Audit) Committee, supported by the Fit & Proper Officer and assisted by the internal departments deemed relevant for this evaluation, or from the Companies, so that:
- a. In case of a reassessment of adequacy of the Statutory Auditor, the Financial Affairs (Audit) Committee shall prepare an Evaluation Report containing the assessment of the



Statutory Auditor. The report shall include, as a minimum, a reasoned analysis of the following points:

- i. Summary presentation of the elements included in the Evaluation Report;
  - ii. Description of the changes that have occurred in the meantime, in relation to the elements included in the Evaluation Report;
  - iii. Availability to perform functions.
- b. Upon the conclusion of the assessment, the Financial Affairs (Audit) Committee will make available the report to the Supervisory Body of each of the Companies of NOVO BANCO, to be taken into consideration by each in the carrying out of their responsibilities.
  - c. The Supervisory Body of each of the Companies ensures, annually (i) the rendering of information to its Management Body of the results of the legal certification of accounts and the opinion on how this has contributed to the integrity of the procedure of preparing and presenting the financial information, as well as the role that the Supervisory Body has played in that process, (ii) information, also to the Management Body, of its action in following the legal revision of annual individual and consolidated accounts, namely its execution, bearing in mind eventual statements and conclusions in the course of inspection actions (as per no. 6 of article 26º of Regulation (EU) no. 537/2014 of the European Parliament and of the Council, of April 16, 2014).
  - d. If the Financial Affairs (Audit) Committee concludes that the Statutory Auditor is not suitable, procedures shall be taken to promptly inform the Bank of Portugal, Securities Market Commission, European Central Bank and the Order of Chartered Accountants about the measures proposed or taken by the institution to replace the Statutory Auditor.
  - e. The Bank as its Subsidiaries shall maintain a complete and updated record of all the procedures, reports and supporting documentation regarding the evaluations carried out.
7. For the monitoring of the activity of the Statutory Auditor during the term of mandate, annually, the Financial Affairs (Audit) Committee and the Supervisory Bodies of Subsidiaries, will invite the Statutory Auditor for a meeting, in which an assessment of services rendered during the previous year will be made, analysing:
- i. eventual changes that may have occurred to the elements stated and included in the initial evaluation of the Statutory Auditor.
  - ii. Availability for carrying out its duties.
  - iii. Analysis of the information received, and discussion of the information rendered by the Statutory Auditor, namely the one included in articles 73º and 78º of the EOROC.
  - iv. In the event that the Financial Affairs (Audit) Committee concludes that the Statutory Auditor is not suitable, procedures shall be taken to promptly inform the Bank of Portugal, the Securities Market Commission, the European Central Bank and the Order of Chartered Accountants about the measures proposed or taken by the institution to replace the Statutory Auditor.

The conclusions of the assessment will be part of the minutes of the meeting.

## 6

### **Suitability Requirements of the Statutory Auditor and its representatives**

1. The suitability of the Statutory Auditor and its representatives is assessed in light of eight criteria: (a) duration of audit engagement; (b) experience; (c) reputation; (d) conflicts of interest and independence; (e) availability; (f) human resources; (g) understanding of the Bank's

activity and the Companies and of the Group to which it belongs, and (h) costs, as indicated below:

a) Duration of the audit engagement:

- (i) The minimum initial engagement is two years, and the maximum duration of engagement is of two or three terms of office, considering the period of the terms as defined in the By-laws of each of the Companies, which may be, respectively, of four or of three years.
- (ii) The maximum duration of engagement may be extended to 10 years provided it is subject to approval by the General Meeting upon a duly justified proposal presented by the Supervisory Board.
- (iii) The key audit partners responsible for carrying out the statutory audit shall cease to participate in the statutory audit, at the latest, seven years after the date of their appointment and shall not participate in the statutory audit of NOVO BANCO or of its Subsidiaries until three years have elapsed after the date of the cessation of said functions.
- (iv) The Statutory Auditor shall be able to demonstrate to the Supervisory Board that there is an appropriate gradual rotation mechanism, as foreseen in article 54º, no. 7 of the EOROC and article 17.º of Regulation (EU) no. 537/2014.
- (v) The duration of the audit engagement shall be calculated as from the first financial year covered in the audit engagement letter, in which the Statutory Auditor has been appointed for the first time to carry out consecutive statutory audits for NOVO BANCO or of its Subsidiaries.

b) Experience:

- (i) The Statutory Auditor and its representatives must demonstrate that they possess the necessary skills and qualifications to carry out their duties. These skills and qualifications should have been acquired through academic attainment or specialised training appropriate to the position and through professional experience in terms of length and level of responsibilities, in line with the characteristics, complexity and dimension of NOVO BANCO, as well as the risks associated with the activity undertaken by it.
- (ii) The Statutory Auditor should demonstrate prior training and experience deemed to be sufficient for the holders of such positions to understand NOVO BANCO Group's operations and activities, evaluate the risks to which it is exposed and critically analyse the decisions taken.
- (iii) The assessment of such a requirement should not be limited to the academic degree or the functions previously held at a credit institution or other enterprise. It should instead be extended to the practical experience of the Statutory Auditor and its representatives in previous positions, taking into account the nature, size and complexity of Group NOVO BANCO's activities, as well as the position to be held.
- (iv) Thus, in assessing the experience of the Statutory Auditor and its representatives, special attention shall be given to basic theoretical experience in the following areas:
  - general accounting theory and principles;
  - legal requirements and standards relating to the preparation of annual and consolidated accounts;
  - international accounting standards;

- financial analysis;
  - cost and management accounting;
  - risk management and internal control;
  - auditing and professional skills;
  - legal requirements and professional standards relating to statutory audit and statutory auditors;
  - international auditing standards;
  - professional ethics and independence;
  - banking and financial markets;
  - strategic planning, understanding of a credit institution's commercial strategy, business plan and respective implementation requirements;
  - risk management (identifying, assessing, monitoring, controlling and mitigating the main types of risk of a credit institution).
- (v) The Statutory Auditor and its representatives must also have acquired sufficient practical and professional experience in an auditing position for a sufficiently long period, which shall be assessed particularly regarding to:
- The length of the prior professional experience, namely, a relevant experience in auditing financial statements on credit institutions or companies of significant size;
  - The nature and complexity of the activity of the company where the position was exercised, including its organisational structure;
  - The scope of competences, decision-making powers and responsibilities;
  - The technical knowledge acquired in the exercise of the prior position regarding the activity of a credit institution and the evidence of clear understanding of the risks to which credit institutions are exposed.
- (vi) The experience may have been acquired in the exercise of academic positions, particular consideration being given to the level and profile of academic courses and their relation with banking and financial or other relevant fields, taking into account that, in general, courses in banking and finance, economics, law, administration, financial regulation, engineering, information and technology and quantitative methods are related to banking and financial services.

c) Reputation:

In assessing the Reputation criteria, consideration shall be given to how the Statutory Auditor practices the profession, in particular the ability to decide in a weighted and judicious manner, the Statutory Auditor's ability to fulfil its obligations on time, to have compatible behaviour with the preservation of market confidence, taking into account all the circumstances in which professional conduct may be assessed for the duties in cause.

The suitability assessment shall be made based on objective criteria, taking as much as possible complete information on the past functions of the Statutory Auditor and its main partners, the most important features of their behaviour and the context in which their decisions were taken.

In this assessment, at least the following circumstances shall be considered:

- 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;
- 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;
- Prohibition, by judicial authority, supervisory authority, or professional body with similar functions, to act as statutory auditor of a company;
- Defaults recorded in Banco de Portugal's Central Credit Register or any other records of a similar nature, by the competent authority;
- Personal insolvency, regardless of qualification;
- Civil and administrative proceedings or criminal prosecutions, as well as any other circumstances which may have a significant impact on the financial status of the person.

In general, the Statutory Auditor and its main partners are considered to be of good repute and of honesty and integrity unless there is information or indications suggesting otherwise or any reasons for doubt.

d) Incompatibilities, conflicts of interest and independence

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

- i) The beneficiaries of particular advantages from the audited Companies;
- ii) Those exercising management functions at the audited Companies;
- iii) Members of the management bodies of companies in a controlling or group relationship with the audited Companies;
- iv) The partner of a general partnership who is in a controlling relationship with the audited Companies;
- v) 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;
- vi) 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;
- vii) The spouses, 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 (i), (ii), (iii), (iv) and (vi) above, as well as the spouses of persons affected under (v);
- viii) Statutory auditors in relation to whom there are other incompatibilities provided for in the respective legislation;

- ix) Those who are prohibited, incapacitated, insolvent, bankrupt and those sentenced to penalties that prohibit them, albeit temporarily, from exercising public functions.

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 them to perform their duties in an impartial manner.

The independence requirement is set out in article 73<sup>o</sup> 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 Financial Affairs (Audit) Committee in writing that it fulfils all the legal requirements applicable, in particular those mentioned above in the Statutes of the Order of Chartered Accountants. To this end, the candidate must sign a written declaration confirming that it meets all the requirements laid down by law to perform its duties and that there is no incompatibility or impediment to providing these services.

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

- An overview of its internal quality control system policies and procedures and how they work;
- Measures provided to remedy possible breaches of statutory audit rules, including those arising from Regulation (EU) 537/2014;
- A way of controlling incompatibilities and impediments;
- A form of follow-up for the non-audit services;
- A way of monitoring fees against total fees;
- A procedure for appointing the statutory auditor responsible for internal quality control of the work;
- A way of monitoring the internal quality control of the work;
- A gradual rotation process for senior management involved in the statutory audit.

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.

The Statutory Auditor shall maintain a policy of registering and mitigating conflicts of interest, and is obliged by its Statute, and by the Bank's internal Rules, to indicate any potential or actual conflicts of interest, observing the limitations provided for by Law, conforming to what is established, with the necessary adaptations, to the provisions of chapter 9 of this Policy.

#### e) Availability

The Statutory Auditor must devote adequate time to perform its duties to fully exercise the powers that were granted, according to the size of the Companies and the complexity of its activity.

If and when the Statutory Auditor wishes to combine the position in the Bank with other positions in other entities, it should communicate those positions to the Financial Affairs (Audit) Committee and to the Supervisory Bodies of the Subsidiaries of NOVO BANCO.

f) Human Resources

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

g) An understanding of the Bank's activity, of the Companies and the Group to which it belongs.

h) Financial conditions of the proposal

The assessment of the suitability must also take into account the financial conditions proposed (e.g. cost of services, costs/expenses incurred in connection with the work to be carried out in the Companies), their reasonableness in return for the services concerned, how they compare with other offers received and with market conditions.

2. The above evaluation factors shall be considered from two perspectives:

- Technical Evaluation of the Proposal: Requirements referred to in subparagraphs (a) to (g), with an aggregated value of 75%;
- Financial Evaluation of the Proposal: Requirement referred to in subparagraph (h), with a value of 25%.

as detailed in Annex II.

## 7

### Audit services

1. In accordance with article 42º of the EOROC, the examinations and other services related to the accounts carried out in accordance with International Standards on Auditing (ISA) which culminate in the issue of an opinion by the Statutory Auditor on the accounts (historical financial information, on an individual or consolidated basis) are considered audit services.
2. For clarity of scope, the Audit Services comprise:
  - i) the issue of legal certificates of accounts (Article 45º of the EOROC, and CSC);
  - ii) the issue of audit reports on the half-yearly and annual financial information in accordance with article 161º(8) of the RGOIC;
  - iii) the issue of the reports drawn up by the auditor provided for in article 29º-G of the Securities Market Code;
  - iv) voluntary audits of a set of financial statements prepared in accordance with a general accounting framework for the year-end closing date or an interim date (in accordance with ISAs);
  - v) audits of financial statements prepared in accordance with special purpose benchmarks (as provided for in ISA 800);
  - vi) audits of individual financial statements and of specific elements, accounts or items in a financial statement (as required by ISA 805);
  - vii) work to report on summary financial statements (as required by ISA 810).

## 8

### Non-audit services required by law from the Statutory Auditor, and non-audit services not required by law from the Statutory Auditor (prohibited or permitted)

1. Considering that the provision of non-audit services to NOVO BANCO, to NOVO BANCO's mother company or to companies controlled by them, may compromise the independence of the Statutory Auditor, pursuant to Article 77º of the EOROC, such provision shall not be



allowed when the service is not required by law from the Statutory Auditor and is included in the list of prohibited services set forth in paragraph 8 in article 5º, (1) of Regulation (EU) 537/2014. For ease of identification and consultation, this list of prohibited services is reproduced in Annex I.

2. In addition to the Audit Services defined in Article 7 above, the Statutory Auditor may only render to NOVO BANCO, its mother company or companies controlled by it, non-audit services that:
  - i. are required by law from the Statutory Auditor,
  - ii. although not being required by law from the Statutory Auditor, on the other hand, are not services prohibited under Article 5º (1) of Regulation (EU) 537/2014.
3. The services other than auditing are all those that do not include auditing the accounts, namely work to guarantee reliability (“assurance engagements”) on matters of corporate governance, in matters of social responsibility or for compliance with regulatory reports in addition to within the scope of the statutory audit.
4. For clarity of scope, the audits services are distinguished in:
  - i. Non-audit services required by law from the Statutory Auditor - and therefore may be combined with the statutory audit work – in which are included:
    - Those provided for in Commission Regulation (EU) no 2019/980, of March 14, 2019;
    - The assessment of quantifying process of the impairment of the credit portfolio, as required by Instruction no. 5/2013 of Bank of Portugal, of April 15, 2013, as amended.
  - ii. Non-audit services (permitted but not required by law from the Statutory Auditor) include:
    - Services contracted by the supervisory body of each company for the purpose of assessing the adequacy and effectiveness of the organisational culture in force in the institution and its governance and internal control systems under the terms of Article 56º (3) of Notice no. 3/2020 of Bank of Portugal.
    - General due diligence services in asset acquisition/sale processes;
    - Support services regarding tax inspections or similar procedures;
    - Training services and dissemination of legislative and regulatory news;
5. The contracting of non-audit services required by law from the Statutory Auditor shall be assessed upon the initial appointment in accordance with chapter 5º (2)(b) as it may be applicable, and upon renewal, in its scope.
6. The rendering of non-audit Services (permitted but not required by law from the Statutory Auditor) and other contracting proposals, to NOVO BANCO, its mother company or companies controlled by it, is subject to previous approval by the Supervisory Bodies of the Companies. The approval, which will take into account, among other aspects, whether the service falls within the list of prohibited audit services under the terms of article 5º (1) of Regulation (EU) 537/2014, in the existence of circumstances that may constitute a threat to the independence and objectivity of the Statutory Auditor under the terms of article 71º of the EOROC, as well as the identification of the safeguard measures to be applied. The proposal shall be submitted shall be proposed for review by the Compliance Department on NOVO BANCO (should they be from one of the Subsidiaries, after prior analysis by their Compliance Function), which shall submit a reasoned compliance analysis for assessment and approval to the Financial Affairs (Audit) Committee, which shall recommend action to the Supervisory Bodies.

7. The evaluation under the terms of the previous paragraph shall take into account the contracting of the parent company, of NOVO BANCO and any entity of the NOVO BANCO Group directed to the Statutory Auditor.

## 9

### **Prevention, communication and managing of conflicts of interest**

1. The Statutory Auditor should avoid any situation that could give rise to conflicts of interest.
2. Conflicts of interest are treated under the regime defined by Group NOVO BANCO internal regulations, namely the Code of Conduct, Conflicts of Interest Policy, Policy on Transactions with Related Parties and this Policy.
3. Any conflict of interest must be reported to the Financial Affairs (Audit) Committee. These situations, as well as situations directly identified by the Financial Affairs (Audit) Committee, or by any of the Supervisory Bodies of the of the Subsidiaries of NOVO BANCO, are reported to it and should be assessed by the Committee in order to identify whether they affect the assessment of the Statutory Auditor and require any mitigating action.
4. The Financial Affairs (Audit) Committee shall report to the Supervisory Board, and if applicable, to the Supervisory Boards of Subsidiaries, and the Compliance Department on the situations and their assessments. The latter shall comment on the matter as provided for in the Conflicts of Interest Policy. The Supervisory Board shall promote such initiatives as may be necessary to remedy the conflicts of interest, the possible accountability resulting from the action taken and adopt additional measures deemed appropriate to strengthen the ruling prevention mechanisms in place.

## 10

### **Review of this Policy**

1. The Financial Affairs (Audit) Committee 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. It is under the responsibility of each Supervisory Body to review the recommendations made by the Financial Affairs (Audit) Committee, and in the event of a disagreement, it shall communicate its reasons and alternative solutions to the Committee. If the Committee's proposals are agreed and approved, it shall submit a proposal to the General Assembly to revise and approve the Policy.
3. The Supervisory Bodies of the Subsidiaries of the NOVO BANCO Group shall implement the changes approved under previous paragraph and submit them to its Shareholders General Meeting.

## 11

### **Approval, entry into force and amendments**

The Policy was approved by the Shareholders General Meeting on March 22, 2023 and will enter in force on this date.

**12**  
**Publication**

This Policy shall be published on the NOVO BANCO institutional website ([www.novobanco.pt](http://www.novobanco.pt))

## 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;
- 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.

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**(1) Note:** In accordance with Article 5<sup>o</sup> (1) of Regulation (EU) 537/2014, the ban on providing the above services applies:

- a) During the period between the beginning of the audited period and the issue of the legal certification of accounts; and
- b) In relation to the services referred to above in subparagraph (e) of article 5<sup>o</sup> (1), second paragraph of the Regulation, also during the financial year immediately preceding the period referred to in the precedent paragraph (a).

## ANNEX II

### Evaluation Matrix

Criteria	Weight or criteria to be fulfilled	Evaluation
Term of the Auditor Engagement	No weight; Respect the limits	Ensure, otherwise initial appointment (renewal) impossible.
Experience	20%	Evaluate, as per the applicable regulatory framework (see article 1 <sup>st</sup> of this Policy). Grade (by percentage of weight): Very Good: 100% Good: 80% Sufficient: 60% Insufficient: 0%
Reputation	15%	Evaluate, as per the applicable regulatory framework (see article 1 <sup>st</sup> of this Policy). Grade (by percentage of weight): Very Good: 100% Good: 80% Sufficient: 60% Insufficient: 0%
Non-compatibility, Conflicts of Interest and Independence	10%	Evaluate, as per the applicable regulatory framework (see article 1 <sup>st</sup> 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 article 1 <sup>st</sup> 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 Bank and of the Group	20%	Evaluate, as per the applicable regulatory framework (see article 1 <sup>st</sup> of this Policy). Grade (by percentage of weight): Very Good: 100% Good: 80% Sufficient: 60% Insufficient: 0%
Financial Terms of the proposal	25%	Evaluate, as per the applicable regulatory framework (see article 1 <sup>st</sup> of this Policy). Grade (by percentage of weight): Very Good: 100% Good: 80% Sufficient: 60% Insufficient: 0%