

**Rules of Procedure for the Remuneration Committee  
of the General and Supervisory Board of Novo Banco, S.A.**

(date of last update: 31 March 2021)

**§ 1**

**Composition and Chairman**

- (1) The Remuneration Committee (the "**Committee**") consists of at least three members each of whom (including election of the chairman of the Committee) is elected by the General and Supervisory Board from among its members.
- (2) The Committee should include a majority of members who are independent and be chaired by an independent member (the "**Chairman**"), as defined in the articles of association of Novo Banco, S.A. (the "**Bank**").
- (3) At least one member of the Committee must have sufficient expertise and professional experience in the field of risk management and risk controlling, in particular in respect of mechanisms to align the remuneration systems to the Bank's overall risk propensity and strategy and its capital base.

**§ 2**

**Tasks**

- (1) Notwithstanding any assignment by law or administrative order, the Committee has the tasks which are set out in these Rules of Procedure.
- (2) The Committee advises and supports the General and Supervisory Board and the Executive Board of Directors in the establishment of, and in ensuring adherence to, consistent and well-integrated remuneration policies in Novo Banco, which will comprise the Bank and also any of the following financial subsidiaries: BEST – Banco Electrónico de Serviço Total, S.A., Novo Banco dos Açores, S.A., GNB - Sociedade Gestora de Fundos de Investimento Mobiliário, S.A., GNB - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A., GNB - Sociedade Gestora de Fundos de Pensões, S.A., GNB – Gestão de Ativos, SGPS, S.A. and GNB – Sociedade Gestora de Patrimónios, S.A.. Therefore, the matters and competences foreseen herein shall be exercised considering the Bank and the above-mentioned entities, without prejudice to the responsibilities and competences of the relevant corporate bodies and committees of such

entities held by the Bank.

(3) In particular, the Committee:

- a) prepares the Bank's remuneration policies and their amendments;
- b) defines annually the KPIs of the Executive Board of Directors;
- c) sets, based on the criteria set out in the Remuneration Policy for Management and Supervisory Bodies, if there is a Budget for Variable Remuneration for Executive Board of Directors, and if so, defines the maximum amount to be considered;
- d) determines annually the value of the Remuneration Units taking into account the overall performance of the Bank and other criteria;
- e) decides the remuneration of the members of the Executive Board of Directors, including the total variable remuneration to be awarded to such members;
- f) monitors the implementation of the Remuneration Policy of Management and Supervision Bodies, namely regarding the prevention of conflicts of interest established in the applicable laws, regulations and guidelines.
- g) prepares once a year a report regarding the annual review and assessment of the remuneration policies to be presented to the General and Supervisory Board, Shareholders Meeting and to the Executive Board of Directors;
- h) assists the General and Supervisory Board and the Executive Board of Directors regarding the monitoring of remuneration processes, policies and practices and the control of the remuneration policies compliance;
- i) supervises the remuneration of control functions (Compliance, Risk and Audit);
- j) is involved in the identification process of the Identified Staff;
- k) is responsible for reviewing and agreeing the remuneration decisions from the Executive Board of Directors regarding the remuneration of select Identified Staff (as defined in the Remuneration Policy for Staff Members of Novo Banco);
- l) sets and agrees with the Executive Board of Directors, based on the criteria set out in the Remuneration Policy for Staff Members, if there is a budget for variable remuneration for staff, and if so, defines the maximum amount to be considered variable remuneration for staff members with the Executive Board of Directors;

- m) freely and discretionarily sets the global amount of Bonus (as defined in the Remuneration Policy for Staff Members of Novo Banco) budget to be allocated each year to Staff Members;
- n) collaborates with other committees whose activities may have an impact on the drafting and the correct functioning of remuneration policies and practices;
- o) coordinates the proper involvement of the relevant internal structures and departments (e.g. human capital, legal, compliance and risk) within their respective areas of expertise and, where necessary, obtain external advice;
- p) assesses the mechanisms and systems adopted to ensure that the remuneration systems take due account of all types of risks as well as levels of liquidity and own funds and that the global remuneration policy is consistent with and promotes sound and effective risk management and is in harmony with the institution's corporate strategy, objectives, culture and business values and the institution's long-term interests;
- q) analyses a set of possible scenarios to test how remuneration policies and practices react to external and internal events, as well as the criteria used to determine remuneration allocation and *ex ante* risk adjustment based on actual risk outcomes;
- r) monitors the information related with the distribution of financial products, mortgage credit, payment services and insurance products to clients in order to consider this information in the proposals or decisions related with the remuneration of staff members;
- s) negotiates the terms of contracts to be entered into with any prospective member of the Executive Board of Directors of the Bank without prejudice to the competence of the Remuneration Committee on remuneration matters;
- t) reviews and acknowledges the contract terms of the Monitoring Committee members entered into by the Bank without prejudice to the competence of the Remuneration Committee on remuneration matters;
- u) provides prior consent for any proposals of the Executive Board of Directors aiming at the Bank hiring any employees with a total annual compensation higher than EUR 200,000; and
- v) monitor the decision remuneration process of the financial subsidiaries' management and supervisory bodies and identified staff and inform, in

advance, the General Supervisory Board of the decisions to be taken, for its acknowledgment;

- w) any other duties assigned to the Committee pursuant to the remuneration policies.
- (4) In case the Executive Board of Directors decides, within its competence, not to follow or implement a recommendation made by the Committee, in the exercise of the Committee's monitoring and review functions, in relation to the matters referred above, it shall forthwith inform the Committee accordingly and provide it with the grounds for not following such recommendations.
- (5) The Committee coordinates its work with the Risk Committee and works closely with it as required in order to properly perform its tasks. The Chairman reports regularly on the work of the Committee at the meetings of the Risk Committee.
- (6) In performing its tasks, the Committee may draw on all resources which it deems appropriate and may also enlist the services of external advisors.

### **§ 3**

#### **Meetings and voting**

- (1) Meetings of the Committee are convened by its Chairman with an advance notice period of at least 14 days.
- (2) Unless otherwise expressly stipulated herein or in applicable law, the provisions in the Articles of Association and the Rules of Procedure pertaining to the General and Supervisory Board shall apply accordingly to the Committee.
- (3) The Committee is quorate if at least three of its members participate in the adoption of resolutions.
- (4) In case of a tie vote, the Chairman has a casting vote.

### **§ 4**

#### **Participation in meetings**

The Chairman may allow other persons to attend the meetings of the Committee, in particular the Head of Internal Audit and senior management involved in structuring the remuneration systems.

## **§ 5**

### **Right to information**

The Committee is authorized to obtain, through its Chairman, information directly from the Executive Board of Directors and from senior managers of the Bank reporting directly to the Executive Board of Directors, in particular the Head of Internal Audit / Group Audit and senior managers involved in structuring the remuneration systems.

## **§ 6**

### **Declarations**

The Chairman or, if he is unavailable, the chairman of the General and Supervisory Board, acts on behalf of the Committee if declarations have to be issued or received to implement the resolutions of the Committee.

## **§ 7**

### **Reporting to the Supervisory Board**

The Chairman reports regularly to the Supervisory Board on the work and decisions of the Committee and provide it with any appropriate information requested by such board.

## **§ 8**

### **Final provision**

The matters that are not regulated in the current Rules of Procedures are governed by the general provisions foreseen in the General and Supervisory Board's Rules of Procedures, as applicable.