



**ANNUAL ASSESSMENT REPORT OF THE PLAN FOR THE
PREVENTION OF RISKS OF CORRUPTION AND RELATED
OFFENCES
(2023)**

ACRONYMS AND ABBREVIATIONS

EBD - Executive Board of Directors

GSB - General and Supervisory Board

DCOMPL- Compliance Department

PPR – Plan for the Prevention of Risks of Corruption and Related Offences

RGPC - General Regime for the Prevention of Corruption

1. INTRODUCTION

Pursuant to Council of Ministers Resolution no. 37/2021 of 6 April, the National Anti-Corruption Strategy 2020-2024 ("**ENAC**") was passed, reinforcing the need to establish and refine mechanisms for preventing corruptive phenomena.

In order to achieve this goal, in December 2021, three laws were passed, bringing several innovations in terms of the prevention and repression of corruption. One of these laws is Decree-Law no. 109-E/2021 of 9 December ("**DL no. 109-E/2021**"), which creates the National Anti-Corruption Mechanism ("**MENAC**") and establishes the General Regime for the Prevention of Corruption ("**RGPC**"), which entered into force on 7 June 2022.

The **RGPC** has established new obligations in terms of compliance, which include the adoption and implementation of a compliance program, which must include a plan for the prevention of risks of corruption and related offences ("**PPR**").

To meet this obligation, and in harmony with the values and principles by which **novobanco** ("**NB**") conducts its business, this Annual Assessment Report of the Plan for the Prevention of Risks of Corruption and Related Offences is prepared by **DCOMPL** with regard to compliance with the internal regulations in force at **NB** on this matter, highlighted below.

2. PURPOSE

The purpose of this document is to report to the **EBD** on the state of prevention of the risk of corruption and related offences, in execution of the Code of Conduct, the Anti-Bribery and Anti-Corruption Policy and other regulations associated with this subject.

This report was prepared and finalized by **DCOMPL** on 30 April 2023, and aims to comply with the legal obligation set out in article 6 (4b) in the **RGPC**, which states that it must be drawn up by the end of April each year.

For this purpose, the reference period is 1 January 2022 to 30 April 2023.

3. PREVENTION OF THE RISK OF CORRUPTION AND RELATED OFFENCES AT NOVOBANCO

During the reporting period, the prevention of the risk of corruption and related offences at **NB** was ensured by the practices of the internal control and governance system in force, as provided for in the procedures of the following internal regulations:

Policies

- Anti-Bribery and Anti-Corruption Policy;
- Subcontracting Risk Policy;
- Policy for the Execution and Management of Supplier Contracts;
- Conflict of Interest Policy;
- Prevention of Conflicts of Interest in the Contracting and Management of Suppliers;
- Whistleblowing Policy;
- Policy for Transactions with Related Parties;
- Non-Proprietary Channel Business Policy;
- Policy for Handling Complaints;
- General Risk Management Policies for Money Laundering and Terrorist Financing.

General and Information Standards

- Conflicts of Interest/Transactions with Related Parties;
- Conflicts of Interest - Granting of Credit to Members of the Management and Supervisory Bodies;
- Conflicts of Interest - Credit to Shareholders with Qualifying Holdings;
- Conflicts of Interest/Granting of Credit to Connected Borrowers;
- Acquisition of Bank property by Employees - Conflicts of Interest;
- Activities outside the Bank - Conflicts of Interest;
- Reporting of Irregularities– Whistleblowing;
- New Current Account;
- Employee Accounts;
- Partnership Management;
- Consultation, Negotiation and Management of Suppliers;
- Relationship Model between the DPGC and the Goods and Services Purchasing Areas.

Subdivision of risks by category

For the purpose of handling each situation vis-à-vis **NB's** business reality, the **DCOMPL** has grouped the risk of corruption and related offences into the following categories:

- Risks related to interactions with **suppliers and service providers**;
- Risks related to interactions with **public authorities**;
- Risks related to the **partnership area**;
- Risks related to **employees**;
- Risks related to **credit granting and recovery**;
- Risks related to **conflicts of interest**;
- Risks related to **gifts and hospitality**.

4. MOST EXPOSED ACTIVITY/BUSINESS AREAS AND MACRO-PROCESSES

DCOMPL has identified, after liaising with the heads of the other structural bodies, the following areas of activity/business with the most exposure:

Activity/business area	Macro-process
Purchasing	Supplier Management
Credit	Credit Recovery
Supply management and commercial activity	Commercial Promotions
Management control	Asset Management
Customer and account management	Account Management
Legal and compliance	Conduct Regulation and Conflict of Interests

5. CONCLUSIONS

With regard to the prevention of the risk of corruption and related offences at **NB**, and for the purposes of this report, the state of prevention of the risk of corruption and related offences is considered **satisfactory**, and the following conclusions have been made:

- ❖ **NB** has a strong culture of preventing risks of corruption and related offences, as reflected in its internal procedures and regulations, of which we highlight the Code of Conduct, the Anti-bribery and Anti-corruption Policy, the Subcontracting Risk Policy, the Policy for the Execution and Management of Supplier Contracts, the Conflicts of Interest Policy, the Prevention of Conflicts of Interest in the Contracting and Management of Suppliers and the Whistleblowing Policy, notwithstanding other regulations in force on this subject available at the website and intranet, accessible to all Employees;
- ❖ **NB** affirms its commitment and zero tolerance stance towards conduct associated with financial crime in general, and bribery and corruption in particular;
- ❖ **NB** provides training to Employees and Members of Governing Bodies, on a continuous and regular basis, on the ethical principles and values of the **NB's** Code of Conduct aimed at discouraging, suppressing and, whenever possible, advance detection in order to avoid bribery and corruption practices within its organization;
- ❖ As part of the Financial Crime Management Unit of the **DCOMPL**, a specific substructure has been created for managing and preventing the risk of bribery and corruption;
- ❖ Of particular note for the purposes of this report is the creation and preparation, by **DCOMPL**, of the Plan for the Prevention of Corruption and Related Offences (2023-2025), approved by the **EBD**, in which the risks, the most exposed areas of activity/business and macro-processes and preventive measures in place have been identified. The risk of bribery, corruption and related offences has been subdivided internally into the following categories: i) Suppliers and service providers; ii) Public authorities, iii) Partnerships, iv) Employees, v) Credit granting and recovery, vi) Conflicts of interest, vii) Gifts and hospitality;
- ❖ Furthermore, based on this exercise, the **DCOMPL** has proposed to take five (cf. point 7.4. of the **Plan**) additional measures for the three-year period, in legal and compliance matters, related to the macro-process of Behavioural Regulation and Conflicts of Interest, which were approved by the **EBD**.

- ❖ All measures will be monitored when preparing the Annual Assessment Reports of the Plan for the Prevention of Risks of Corruption and Related Offences.

Lisbon, 3 May 2023