



**REMUNERATION POLICY FOR MANAGEMENT AND
SUPERVISORY BODIES OF NOVOBANCO**

Index

1	Legal and Regulatory Framework	3
2	Scope	4
3	Remuneration Policy Governance Model	5
3.1	General and Supervisory Board	5
3.2	Remuneration Committee.....	5
3.3	Risk Committee of the General and Supervisory Board	6
3.4	Global Risk Department.....	7
3.5	Compliance Department	7
3.6	Human Capital Department	8
3.7	Internal Audit Department	8
3.8	Legal Department	8
3.9	Approval and amendments	8
4	Remuneration Components	9
4.1	Limitations to remuneration	9
4.2	General and Supervisory Board	9
4.3	Members of the Executive Board of Directors	10
4.3.1	Fixed Remuneration	10
4.3.2	Variable Remuneration	10
4.3.2.1	Criteria/rules for attribution of Variable Remuneration	11
4.3.2.2	Performance Appraisal and Key Performance Indicators	11
4.3.2.3	Risk Adjustment Mechanisms	12
4.3.2.4	Rules in case of leave situations	12
4.3.3	Other Benefits.....	13
4.4	Statutory Auditor (“ROC”).....	14
5	Conflicts of interest	14
6	Gender Neutrality Policy	15
7	Record keeping and Policy update	15
8	Disclosure of information	16
9	Final Provision	16

1 Legal and Regulatory Framework

This Remuneration Policy contains the principles and rules for the remuneration of the members of the Management and Supervisory Bodies of Novo Banco, S.A. ("novobanco" or "Bank") and is established pursuant to Article 115-C of the Legal Framework of Credit Institutions and Financial Companies (*"Regime Geral das Instituições de Crédito e Sociedades Financeiras"*).

This Policy has been prepared considering the applicable regulations and legislation, notably the following:

- Legal Framework of Credit Institutions and Financial Companies ("RGICSF");
- Portuguese Companies Code;
- EBA/GL/2021/04 - Guidelines on sound remuneration policies under Directive 2013/36/EU;
- EBA/GL/2021/05 - Guidelines on Corporate Governance;
- Directive 2013/36/EU of the European Parliament and of the Council;
- Commission Delegated Regulation (EU) No. 2021/923;
- Regulation (EU) No. 575/2013 of the European Parliament and of the Council;
- Bank of Portugal Notice No. 3/2020;
- Bank of Portugal Instruction No. 18/2020;
- Directive 2014/65/EU (MIFID II) of the European Parliament and of the Council on financial instruments markets, its Regulations and transposition by Law No. 35/2018;
- EBA/GL/2016/06 - Guidelines on remuneration policies and practices related to the sale and provision of retail banking products and services;
- Directive 2014/17/EU of the European Parliament and its transposition by Decree-Law No. 74-A/2017;
- Law 35/2018, of 20 July 2018, transposition into Portuguese law of the MIFID II Directive and other European legislation with impacts on the RGICSF and the Securities Code;
- Decree-Law 91/2018, of 12 November, transposition into Portuguese law of the Payment Services Directive (Directive 2015/2366/EU);
- Law 7/2019, of 16 January, on insurance distribution, transposing into Portuguese law the respective European Directive (2016/97/EU);
- Report on risk of conduct and mis-selling of investment products by the National Council of Financial Supervisors of 3 March 2016;
- Regulation (EU) No. 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.
- List of significant supervised entities and list of less significant institutions of the European Central Bank.

The regulations and legislation on remuneration determine the adoption of and compliance with remuneration practices that are consistent with prudent, sound and effective risk management and do not encourage excessive risk-taking or promote situations that generate conflicts of interest with clients.

This Remuneration Policy is based on the guiding principles of meritocracy and transparency to achieve the recognition of high performance and it takes into account the following elements:

- i) long-term objectives, business strategy and interests;
- ii) corporate nature and structure;
- iii) corporate culture and values;
- iv) risk strategy, culture and appetite, including environmental, social and governance (ESG) risk factors;
- v) shareholders' long-term interests;
- vi) prevention of conflicts of interest and no incentive for excessive risk-taking.

In addition, this Remuneration Policy and its implementation shall respect and encourage the ethical and professional conduct from all Members and reflect the principles of equal treatment between clients, application of the best remuneration practices on the sale of products, and prevention of conflicts of interest.

The Policy is gender neutral, meaning equal remuneration for equal work or work of equal value.

The level of risk the institution is willing to assume is in line with the internal capital adequacy self-assessment process (ICAAP) whose methodology and governance model is available in the Market Discipline Report.

The Policy is also consistent with the objective of the integration of sustainability risks. Some evidence of this consistency is:

- i) the limits established for the assignment and payment of remuneration;
- ii) the multi-year framework to ensure that the evaluation process is based on long-term performance and that the effective assignment of the tranches of the Variable Remuneration is deferred for a defined period, taking into account the Bank's business cycle and business risks;
- iii) the risk adjustment mechanisms ("Malus" and "Clawback") to avoid excessive risk-taking;
- iv) The fact that the independent members of the General Supervisory Board are only entitled to a fixed remuneration.

2 Scope

This Remuneration Policy is applicable to the following members of the corporate bodies of novobanco:

- Members of the General and Supervisory Board;
- Members of the Executive Board of Directors;
- Statutory Auditor or "ROC".

The Remuneration Policy for Staff Members is set out in a separate document that is subject to approval by the Executive Board of Directors following a recommendation by the Remuneration Committee and finally ratified by the General and Supervisory Board.

Novobanco shall ensure that its financial branches and subsidiaries adopt the guidelines and rules set out in this Remuneration Policy, with the approval of the respective competent corporate bodies, as

applicable and subject to the legal requirements applicable to each of these entities. Novobanco and its financial branches and subsidiaries coordinate, through the Human Capital Department, the adoption of this Remuneration Policy.

3 Remuneration Policy Governance Model

3.1 General and Supervisory Board

The responsibilities of the General and Supervisory Board with regard to remuneration issues are described in the respective Rules of Procedure.

3.2 Remuneration Committee

The Remuneration Committee of the General and Supervisory Board of novobanco was established by resolution of the General and Supervisory Board of 18 October 2017 and pursuant to Article 6(3)(c) of the Articles of Association. Since novobanco is considered a significant institution, the existence of this committee is mandatory under the terms of Article 115(H) of the RGICSF.

The Remuneration Committee is composed of three members elected by the General and Supervisory Board, and the majority of its members are independent.

The Remuneration Committee must observe the long-term interests of shareholders, investors and other stakeholders.

The responsibilities of the Remuneration Committee are set out in the respective Rules of Procedure approved by the General and Supervisory Board and include the following:

- Review the institution's remuneration policies, monitor the associated processes and practices, ensure the monitoring of compliance with the remuneration policies, including their gender neutrality;
- Coordinate the appropriate 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;
- Decide on the remuneration of the members of the Executive Board of Directors, including the variable remuneration to be awarded to these members;
- Define the specific evaluation criteria of the members of the Executive Board of Directors on an annual basis with a view to awarding variable remuneration (e.g. award criteria/rules, KPIs, etc.) and to evaluate them;
- Define, based on the criteria set out in this Policy, if there is a Budget for Variable Remuneration of the Executive Board of Directors and, if so, define the maximum amount to be considered;
- Decide on the assignment of the variable remuneration of the members of the Executive Board of Directors of novobanco;
- Determine the value of the Remuneration Units on an annual basis, taking into consideration the overall performance of the novobanco Group and other criteria;

- Check whether the existing remuneration policies are up-to-date and standardised across the novobanco group, if necessary, make proposals for changes;
- Review the appointment of external remuneration consultants that the General and Supervisory Board decides to contract for the provision of advice or support;
- Assess 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;
- Analyse a range 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 mechanisms based on actual risk outcomes;
- Assess compliance with performance objectives and the need for ex post risk adjustment, including the application of reduction (malus) and reversal (clawback) mechanisms, if applicable;
- Ensure the appropriateness of the information provided to shareholders on remuneration policies and practices, specifically on the higher ratio between variable and fixed remuneration;
- Collaborate with other committees whose activities may have an impact on the preparation and proper functioning of remuneration policies and practices;
- Monitoring the information related with the correct distribution of financial products and mortgage credit products to customers and considering this information in the preparation of decisions related with remuneration;
- Monitor the implementation of the Policy.

3.3 Risk Committee of the General and Supervisory Board

The Risk Committee shall provide all the support requested by the Remuneration Committee in the performance of its duties, and shall, in particular:

- Examine whether the incentives provided by remuneration policies and practices take into account the institution's risk, own capital and liquidity, as well as the likelihood and time schedule of earnings;
- Participate in assessing how the Variable Remuneration structure affects the risk profile and culture of the institution;
- Attend any meetings of the Remuneration Committee at the request of its Chairman.

3.4 Global Risk Department

The Global Risk Department shall provide all the support requested by the Remuneration Committee in the performance of its duties, namely:

- Assist in the preparation and review of the Remuneration Policy;
- Provide concrete elements, within the scope of its duties, for the definition of global variable remuneration, performance criteria (collective) and required assessments for the annual aggregate remuneration awards and payments;
- Verify that the award and payment of any variable remuneration component is consistent with the Policy and with sound and effective risk management practices;
- Assist in the definition of appropriate risk-adjusted performance measures (including ex post adjustments) and provide appropriate information to that effect;
- Participate in the assessment on how the Variable Remuneration structure affects the risk profile and culture of the institution;
- Attend any meetings of the Remuneration Committee at the request of its Chairman.

3.5 Compliance Department

The Compliance Department shall provide all the support requested by the Remuneration Committee in the performance of its duties, namely:

- Assist in the preparation and review of the Remuneration Policy;
- Provide concrete elements, within the scope of its duties, for the definition of global variable remuneration, performance criteria (individual and collective), and the allocation and payment of remunerations;
- Review and monitor the implementation and compliance of the Remuneration Policy with the laws, regulations and internal policies of the institution, such as mandatory regulatory reporting, and reporting any compliance risks and non-compliance situations regarding remuneration matters that are reported to the Executive Board of Directors or the General and Supervisory Board;
- Participate in assessing how the Variable Remuneration structure affects the risk profile and culture of the institution;
- Inform the Remuneration Committee regarding any situation of conflicts of interest in the scope of the application of this Policy that may be relevant in the correct perform of its tasks and responsibilities affected to the recipients of this Policy, as defined in scope and that should affect the performance of its duties;
- Attend any meetings of the Remuneration Committee at the request of its Chairman.

3.6 Human Capital Department

The Human Capital Department shall provide all the support requested by the Remuneration Committee in the performance of its duties, namely:

- Assist in the preparation, review and implementation of the Remuneration Policy;
- Participate in the preparation and assessment of the institution's Remuneration Policy, particularly with regard to the remuneration structure, remuneration levels and incentive schemes;
- Provide effective elements, within the scope of its duties, for the definition of performance criteria (individual and collective) and the allocation and payment of remunerations;
- Ensure the implementation of decisions on remuneration matters, namely as regards the allocation and payment of fixed and variable remuneration components;
- Ensure adequate internal and external disclosure of the Remuneration Policy;
- Attend any meetings of the Remuneration Committee at the request of its Chairman.

3.7 Internal Audit Department

The Internal Audit Department shall provide all the support requested by the Remuneration Committee in the performance of its duties, namely:

- Conduct an independent review of the structure, application and effects of the institution's Remuneration Policy on its risk profile and how these effects are managed;
- Attend any meetings of the Remuneration Committee at the request of its Chairman.

3.8 Legal Department

The Legal Department shall provide all the support requested by the Remuneration Committee in the performance of its duties, in particular:

- Assist in the preparation and review of the Remuneration Policy;
- Attend any meetings of the Remuneration Committee at the request of its Chairman.

3.9 Approval and amendments

The Remuneration Policy for members of the Executive Board of Directors and members of the General and Supervisory Board and any amendments thereto shall be approved at the General Shareholders' Meeting upon recommendation and approval of the General and Supervisory Board following a recommendation proposal by the Remuneration Committee. The Policy shall be acknowledged by the Executive Board of Directors.

4 Remuneration Components

Total Remuneration results from the combination of the Fixed and Variable Remuneration components. This chapter describes the structure and criteria for the allocation of the different remuneration components.

4.1 Limitations to remuneration

The state aid measures notified by Portugal in the context of the sale of novobanco were considered as compatible with the internal market under the Treaty on the Functioning of the European Union and, as a result, certain commitments were undertaken by the Portuguese State towards the European Commission (State Aid No. SA.49275 (2017/N)) until the end of the Restructuring Period ("Restructuring Period").

This situation implies, however, the following limitations regarding the remuneration of novobanco's Management and Supervisory Bodies:

- a) According to the above commitments, the Bank will apply strict remuneration policies and will not pay any employee, director or manager a total annual remuneration (salary, pension contribution, bonus) in excess of 10 times the average salary of employees in the bank until 30 June 2020. In the period between 30 June 2020 and the end of the Restructuring Period, annual remuneration payments above these limits may be made if the Bank does not breach any of the targets specified in the viability commitments. For avoidance of doubt, the Bank may in any event pay deferred bonuses to its employees for performance during the Restructuring Period, after the end of the Restructuring Period;
- b) Until the end of the Restructuring Period, the total remuneration and the respective conditions set out in this Policy may be affected if the commitments are not achieved, in full or in part, and this Remuneration Policy is therefore subject to any limitations that may result therefrom and are applicable from time to time;
- c) In addition, this Remuneration Policy was prepared considering the existence of serious and objective reasons that justify, under the current circumstances, the payment of Variable Remuneration to the members of the Executive Board of Directors under the rules set forth in this Policy. If, at any time, such reasons cease to exist, this Policy shall be reviewed accordingly.

4.2 General and Supervisory Board

The remuneration of the members of the General and Supervisory Board is exclusively composed of a fixed annual remuneration paid monthly (12 wages).

If, at any time, the amount of the remuneration of any of the members of the General and Supervisory Board exceeds the limit set out in paragraph (a) above, the portion of the annual remuneration that exceeds such limit shall not be paid during the Restructuring Period and shall be deferred and paid only after the end of such period, with said portion being subject to the risk adjustments mechanisms identified in section 4.3.2.3. The provisions of sections 4.3.2.3. and 4.3.2.3.1 shall apply, with the

necessary adjustments, to the portion of the annual remuneration of any of the members of the General and Supervisory Board that exceed the limits set out in section 4.1. (a).

Only the independent members of the General and Supervisory Board are entitled to a fixed remuneration. The other members of the General and Supervisory Board receive no remuneration for the performance of their role.

4.3 Members of the Executive Board of Directors

The remuneration of the Executive Members should be consistent with their powers, duties, competences and responsibilities.

4.3.1 Fixed Remuneration

The fixed remuneration shall take into account the complexity, level of responsibility and range of competences needed for the functions carried out as well as the relevant competences and experience of the Board Members. The fixed remuneration shall be paid monthly, 14 times per year. Where applicable in relation to the pension plans, it is applicable the section 4.4 Other Benefits.

If, at any time, the amount of the remuneration of any of the members of the Executive Board of Directors exceeds the limit set out in paragraph 4.1 (a) above, the portion of the annual remuneration that exceeds said limit shall not be paid during the Restructuring Period and shall be deferred and paid only after the end of said period, being such portion subject to the risk adjustments mechanisms identified in section 4.3.2.3.

4.3.2 Variable Remuneration

The Variable Remuneration attributed to the Executive Board Members is freely decided and based on the combination of several KPIs set by the Bank, based on the combined Individual and Collective Performance Assessment and on the performance of the Bank, taking into account quantitative and qualitative criteria implemented through the Objectives and Competences¹ defined, at each time, by the Remuneration Committee and reported to the members of the Executive Board of Directors.

The Variable Remuneration is dependent upon the verification of criteria set out in this Policy and the conditions and objectives decided by the Remuneration Committee, is not contractually ensured (as such the award, vesting and payment of any portion cannot be expected as certain or ensured), and may be subject to risk adjustments mechanisms set out in section 4.3.2.3. Exceptionally, and provided that the Bank has a sound base of own funds at a given time, variable remuneration in the form of a "sign-on" or a welcome bonus may be awarded and fully paid once to a member of the Executive Board of Directors during the first year of mandate at the Bank, in accordance with applicable law and remuneration guidelines. In this case, the amount of the sign-on or welcome bonus is included as part

¹ The weightings assigned to Competences and Corporate, Team and Individual Objectives should be defined in the Manual/Regulation that describes the Performance Appraisal Process.

of the total annual remuneration for the purposes of complying with the Limitations of Remuneration commitment identified in section 4.1. paragraph a) and as such, should such total annual remuneration exceed the limit set out in that paragraph, the excess shall not be paid during the Restructuring Period and shall be deferred and paid only at the end of that period, being such portion subject to the risk adjustment mechanisms identified in section 4.3.2.3.

4.3.2.1 Criteria/rules for attribution of Variable Remuneration

The following rules shall apply to the Variable Remuneration:

- a) The Variable Remuneration is freely awarded and only if the following cumulative conditions are verified: (i) the Bank has positive operating results; (ii) the award is consistent with sound and effective risk management practices; and (iii) the attribution of Variable Remuneration (and its payment including the deferred portions) does not limit the Bank's capacity to strengthen and maintain a sound base of own funds;
- b) Variable Remuneration is not contractually or in any other way guaranteed, therefore, no Executive Board Member can expect its award or vesting or consider the payment of any portion as certain;
- c) The total amount of Variable Remuneration (including the remuneration of employees) shall be decided at the end of each year by the Remuneration Committee, based on operating results;
- d) The total Variable Remuneration awarded to any member of the Executive Board of Directors will be limited to 100% of the respective fixed remuneration, unless otherwise approved by the General Shareholders' Meeting;
- e) The total Variable Remuneration awarded to any member of the Executive Board of Directors shall be deferred for a minimum period of 3 years, payable on a pro-rata basis;
- f) During the Restructuring Period, the Variable Remuneration to be awarded will be 100% deferred and will only constitute a vested right at the end of that period;
- g) 50% of the Variable Remuneration shall consist of remuneration units, whose terms and conditions regarding attribution, vesting and payment are defined in the Remuneration Units Regulations. The remuneration units have a financial effect equivalent to the allocation of shares, as permitted by law. These remuneration units will have a vesting period of up to 3 years. The remuneration units will be settled in cash on the due payment date and will be awarded and settled as defined in the Remuneration Units Regulation.

4.3.2.2 Performance Appraisal and Key Performance Indicators

The performance appraisal of the members of the Executive Board of Directors shall be made by the end of March each year following the year end and considering the performance and objectives defined for that year.

The attribution of annual Variable Remuneration shall be based on the achievement of financial and non-financial, individual and corporate Key Performance Indicators ("KPIs"), agreed with each member of the Executive Board of Directors, by March, for that year. The KPIs will be defined based on a combination of the overall Bank's financial performance, on the member's individual areas of

responsibilities (including the development of employees with direct reporting duties) and the objectives of the areas they manage. These KPIs can also include compliance with ESG factors.

It is responsibility of the Remuneration Committee to set the abovementioned KPIs, their individual weighting, assess the scale of achievement at the end of the year and define the total annual Variable Remuneration to be awarded to the members of the Executive Board of Directors.

4.3.2.3 Risk Adjustment Mechanisms

The Bank may apply risk-based adjustment mechanisms to the total Variable Remuneration through the following mechanisms:

Reduction (Malus): allows the Bank to reduce all or part of the Variable Remuneration subject to deferral and whose payment is not yet considered an acquired right;

Reversal (Clawback): allows the Bank to recover amounts already paid or whose payment is already an acquired right, with the member being obliged to return such amounts.

4.3.2.3.1 Rules for Malus and Clawback application

The abovementioned mechanisms are applicable to the total Variable Remuneration, and following an extremely significant event that could be attributable collectively to the Executive Board Members or to an Individual Executive Board Member.

The Remuneration Committee shall determine the severity of the event and whether the malus or clawback mechanisms are applicable to the entire Variable Remuneration allocated to the members of the Executive Board of Directors and/or, if applicable, to the amount of remuneration referred to in section 4.3.1. that exceeds the limits set forth in section 4.1. (a), or to a portion of such Remuneration. Depending on the severity of the event, the Remuneration Committee shall decide whether the *malus* or *clawback* mechanism is applicable.

Examples of a significant event where an individual member of the Executive Board of Directors could lose the right to the Variable Remuneration include fraud, material breach of confidentiality obligations, material breach of sustainability rules or obligations, application of material regulatory sanctions or member ceasing to be considered as suitable (*Fit & Proper Assessment*) by the supervisory authority in accordance with applicable laws and regulations or being subject to criminal convictions (other than traffic offences or other offences for which a non-custodial penalty is imposed).

The decision taken on this matter by the Remuneration Committee shall be subject to approval by the General and Supervisory Board.

4.3.2.4 Rules in case of leave situations

4.3.2.4.1 Rules for leave by initiative of the Bank

If the mandate of a member of the Executive Board of Directors is terminated by the Bank without just cause, pursuant to Portuguese law, the member of the Executive Board of Directors shall be entitled to receive the deferred amounts of the Variable Remuneration awarded up to that date (or respective

portions thereof), on the dates on which such portions are vested in accordance with the rules defined above, subject to the applicable malus or clawback adjustments.

If the mandate of the member of the Executive Board of Directors is terminated by the Bank with cause (“justa causa”, under Portuguese law), the respective member of the Executive Board of Directors shall have no right to any deferred portion of Variable Remuneration and without prejudice to the application of any malus or clawback adjustment.

4.3.2.4.2 Rules for leave by initiative of the member of the Executive Board of Directors

If a member of the Executive Board of Directors voluntarily resigns before the end of the fixed term mandate for which he/she was appointed, the Remuneration Committee shall determine whether the individual member continues to have the right to any deferred portion of Variable Remuneration that is not yet vested, subject to the applicable malus or claw back adjustments and on the date specified for the payment of each deferred portion. The Remuneration Committee shall also consider adherence to a non-compete undertaking and notice period in making its decision.

Notwithstanding, if the resignation of any member of the Executive Board of Directors occurs during the Restructuring Period, he/she will receive the Variable Remuneration (or parts of it) that have been awarded, regarding each year of the fixed term mandate until the date of end of functions, when such deferred variable remuneration or portions of it vest in accordance with the rules above and subject to the applicable malus or claw back adjustments.

4.3.3 Other Benefits

Other benefits such as health insurance, cell phones, and others, are applicable in line with what is attributed to the Bank's employees, in accordance with internal regulations.

If any member of the Executive Board of Directors is an employee of the Bank, he/she would be able to maintain, during the term of office, the benefits that result from the employment contract and the Collective Bargaining Agreement (CBA) regulation that were applicable prior to being appointed to the Executive Board of Directors, if the applicable laws and regulations do not prevent it.

These benefits can be related to:

- a) Health benefits: Bank employees are eligible for the SAMS health system;
- b) Credit conditions: special mortgage rates set out in the CBA and a personal loans programme for employees;
- c) Pension Plan: defined benefit pension plan set out in the CBA and a defined contribution plan for middle management.

Remuneration Committee may also decide to award other subsidies considering the duties, responsibilities and specific circumstances of the employee in question, namely the attribution of a rent subsidy to support housing expenses.

4.4 Statutory Auditor (“ROC”)

The remuneration of the Statutory Auditor shall be a fixed fee corresponding to the remuneration approved by the General Supervisory Board under the audit services engagement.

5 Conflicts of interest

Conflicts of interest relating to the Remuneration Policy and the Variable Remuneration awarded must be identified, assessed, and mitigated in particular by the existence of objective allocation criteria, based on the internal information system, appropriate controls and the “four-eyes” principle.

The Remuneration Policy shall ensure the objective of prevention of occurrence of any conflicts of interest arise for members of the Management and Supervisory Bodies in the performance of their duties.

The Remuneration Committee is responsible for monitoring adherence to novobanco’s Remuneration Policy with the objective to prevent the occurrence of conflicts of interest established in the applicable laws, regulations and guidelines and will notify the Chairperson of the General and Supervisory Board if conflicts of interest arise for members of the Management and Supervisory Bodies in the performance of their duties relating to this Remuneration Policy. If conflicts of interest arise in connection with the Chairman of the General and Supervisory Board, the above referred notice shall be sent to the Chairperson of the Compliance Committee of the General and Supervisory Board, who shall then inform the General and Supervisory Board accordingly.

The Remuneration Committee and the General and Supervisory Board may consult the Compliance Department and/or request it to provide appropriate information relevant for the assessment of the situation.

No member of the General and Supervisory Board may participate in the discussion or the decision of situations where there are identified any conflicts of interest affecting or involving said member.

Decisions taken by the General and Supervisory Board regarding any conflicts of interest arising with respect to members of the General and Supervisory Board relating to this Remuneration Policy shall be subject to ratification by the Shareholders.

The General and Supervisory Board shall inform the Shareholders of any decisions taken regarding conflicts of interest arising with respect to members of the Executive Board of Directors relating to this Remuneration Policy.

If the Compliance Department becomes aware of any conflicts of interest situation related to this Policy, it shall inform the Remuneration Committee.

The Remuneration Committee and the General and Supervisory Board shall inform the Compliance Department of situations of conflicts of interest submitted for their analysis. The Compliance Department shall include them in the registry of situations of conflicts of interest.

6 Gender Neutrality Policy

Gender neutral remuneration policies means remuneration policies that are consistent with the principle of equal pay for male, female and diverse workers for equal work or work of equal value and that are assumed to affect all sexes equally.

A gender-neutral remuneration policy should ensure that all aspects of the remuneration policy are gender neutral, including the award and pay out conditions for remuneration.

In determining the value of work, the Bank considers:

- i) the place of employment and its cost of living;
- ii) the hierarchical level of the employees and whether they have management responsibilities;
- iii) the level of formal education of the employees;
- iv) the scarcity of employees available in the labour market for specialized positions;
- v) the nature of the employment contract, including whether it is temporary or for an indefinite period;
- vi) the length of professional experience of the employees;
- vii) professional certifications of employees;
- viii) appropriate benefits, including the payment of additional family and child allowances to employees with spouses and dependent children.

The gender-neutral fixed remuneration should reflect the professional experience and organisational responsibility, taking into account the level of education, the degree of seniority, the level of expertise and skills, the constraints (e.g. social, economic, cultural or other relevant factors) and the remuneration level of the geographical location.

Where material differences between the average pay between male and female employees, and that do not result from historical context, the Bank has to document the main reasons, take appropriate actions where relevant or should be able to demonstrate that the difference does not result from a remuneration policy that is not gender neutral and that it provides for equal opportunities for all genders.

7 Record keeping and Policy update

Novobanco shall file this Policy and keep the records for at least five years. These records shall be used for auditing or legal purposes upon request.

This Policy is supplemented by a set of internal procedures that will be detailed in a specific document. This document must identify, date, and justify any updates and shall be duly filed for a period of at least five years.

An review and update, if required, of the Policy and its implementation shall be conducted annually by the Remuneration Committee, with the involvement of any required departments, to ensure that:

- a) it is being correctly implemented;
- b) the remunerations that have been paid are in line with this Policy, the risk profile and the Bank's long-term objectives;

- c) It is compatible with current national and international regulations and the applicable legal framework.

A Report on the annual review and assessment of this Policy shall be prepared once a year by the Remuneration Committee and submitted to the General and Supervisory Board and the Executive Board of Directors and it shall set down specific actions to address any identified deficiencies. The Executive Board of Directors is responsible, within the scope of this functions, for implementing the actions set out in the report.

8 Disclosure of information

Upon approval, this Remuneration Policy shall be disclosed internally to the institution and novobanco should also appropriately disclose the information externally (on its website), as well as make the approach, principles and objectives of remuneration incentives transparent internally. In addition, novobanco has the duty to disclose information on the practices and Remuneration Policy applicable to the members of the Management and Supervisory Bodies.

9 Final Provision

This Policy was approved at the General Meeting upon recommendation of the Remuneration Committee on 25th of March 2022 and will enter into force on that date. The amendments introduced in this Policy are applicable to all fixed or variable remunerations, in cash or in remuneration units, that may be awarded, vested or paid after the referred date on which it enters into force.