

2016

# Code of Conduct



Novo Banco Group

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## 1. General provisions

### 1.1. Approval

The Board of Directors of NOVO BANCO, S.A. ("NB") has prepared this Code of Conduct which, once approved by the management of other companies and incorporated joint ventures (collectively, the "companies") of the NB Group, shall be the Code of Conduct of the NB Group.

For the purposes of this Code of Conduct, NB Group shall be understood as the combination of NB and the entities identified by NB as companies it controls.

### 1.2. Objectives

The Code of Conduct aims:

- a) To disclose the principles by which NB Group companies shall steer their activities;
- b) To promote an ethical conduct aligned with the values of the NB Group by the Employees;
- c) To promote respect and compliance with all applicable laws and regulations;
- d) To create a transparent system of relationships of Employees with the outside.

### 1.3. Scope

The Code of Conduct is applicable to all members of the management and supervisory bodies of the NB Group companies, the NB and NB Group employees, and also to all service providers to whom this Code has been communicated and have adhered to it (collectively, the "Employees" of the NB Group).

The Code of Conduct establishes the fundamental principles of conduct to be observed by the NB Group and its Employees.

Companies which are also referred to as financial intermediaries will have their own Rules of Procedure on Financial Intermediation Activities, a key standard complementary to this Code of Conduct.

All the other internal rules on ethical matters or not shall remain in force and shall be followed and respected by all.

All Employees are expected to effectively comply with the set of principles and rules included in this Code of Conduct. Despite being applicable to everyone, regardless of position, role and responsibilities of each one, it is expected that the example be set and a degree of especially diligent compliance by members of the management and supervisory bodies of the NB Group companies, as well as of their managerial staff.

Hierarchies shall disclose, promote and secure compliance with the Code of Conduct in their structures and by the Employees that integrate them.

#### **1.4. Monitoring the implementation of the Code of Conduct**

The monitoring of the implementation of the Code of Conduct in NB shall be of the responsibility of the Compliance Department, which, to this end, may use other structures, including the Internal Audit Department and the Human Resources Department.

The other entities of the NB Group shall determine the structure that will carry out the function and that, in this context, shall submit the issues raised to the NB Compliance Department together with the respective analysis and the proposal for a decision, providing to the latter the information and collaboration that may be requested. The contacts of such structure and the identification of the person responsible will be disclosed to all Employees of the entity and to the NB Compliance Department.

## **2. Principles of conduct of the NB Group**

### **2.1. Relationship with customers**

Ensure equal treatment to all customers, making no unjustified discrimination amongst them.

Maintain high internal standards of technical competence, by providing quality service and efficiency.

Act with diligence, neutrality, loyalty and discretion.

Promote compliance with the rules applicable to the activity.

Provide customers with the information necessary for informed decision-making and ensure strict compliance with the agreed conditions.

## **2.2. Shareholders and market**

Act fairly in relation to the shareholders, taking into account their interests, without prejudice to other relevant and justifiable interests.

Guarantee accuracy, truthfulness and timeliness of information provided to shareholders and the market.

## **2.3. Competition**

Respect the market rules, promoting fair competition and avoid any practice that may prevent, distort or restrict competition to an appreciable extent.

## **2.4. Commitments regarding the structure of the NB Group**

Ensure that at all times the governing bodies of each company of the NB Group, top management and, where necessary, other Employees know the shareholder structure of the company in which they perform their functions.

Ensure that the formation of new companies or other entities in the NB Group is always preceded by a thorough analysis as to its necessity, appropriateness and obstacles that it may place to an integrated risk management of the NB Group, of current and potential conflicts of interest and of intra-group information flows.

## **2.5. Employees**

Make available to employees the appropriate means to carry out their function and to improve and update their knowledge, including through access to appropriate training.

Assess performance and quality based on demonstrated merit and the results of the performance of their duties, ensuring well-defined criteria for a fair assessment.

Ensure compliance with all applicable labour standards.

Promote team spirit and the sharing of common goals.

Respect and promote the balance between personal life and professional life.

## **2.6. Suppliers**

Choose suppliers based on impartial and transparent criteria, without granting privileges or favouritism.

Avoid, whenever possible, situations of exclusivity.

## **2.7. Public authorities and supervisory entities**

Respect and promote rigorous compliance with applicable legal and regulatory rules.

Provide public authorities and supervisory and monitoring entities all requested and required collaboration.

## **2.8. Environment and community**

Adopt and encourage the adoption of best environmental practices.

Take on a socially responsible attitude within the Community in general in which the NB Group operates.

Act in accordance with strict principles of legality, truthfulness, objectivity, timeliness and clarity in all the information rendered to the public and in all advertising carried out.

# **3. Ethics of the NB Group Employees**

## **3.1. General principles of conduct**

In the relationship with customers, suppliers, service providers and competitors, Employees must be professional, competent, diligent, loyal and upright.

Whilst exercising their activity they shall behave correctly, conscientiously, courteously, and in an accessible and available manner.

They shall look after and respect the workspace, in particular, the facilities, available equipment and the common professional environment with appropriate behaviour and shall not adversely interfere with the performance of other Employees.

### **3.2. Responsibilities of the Employees**

Employees shall use their technical and professional capacity with prudence and proper care to carry out their activity in the NB Group, respecting the applicable rules and regulations. To that extent:

- a) They shall diligently participate in vocational training actions provided to them, that will help achieve higher productivity;
- b) They shall adapt their behaviour to applicable legislation and regulations;
- c) They shall implement and comply with the rules defined in the Rules of Procedure relating to Financial Intermediation Activities and within the internal control system;
- d) They shall apply and respect the procedures and internal regulations;
- e) They shall respect the internal instructions on the use of electronic means and safety;
- f) They shall not make contrary use to that specified in the internal rules for e-mail, telephone, Internet access or similar technologies;
- g) They shall not practice any illegal activities and shall immediately terminate any unlawful conduct carried out by Employees directly under their control or management and in the course of their duties;
- h) They shall refrain from violating the rules on conflict of interest, inside information regime and market defense provided in legal, regulatory rules, in the Code of Conduct, in regulations on Financial Intermediation Activities or other regulations;
- i) They shall apply the rules concerning to the information to obtain from customers and their possible representatives, for example, with regard to their identification, characterization, identification of beneficial owners, the required evidence and updating;
- j) Without prejudice to compliance with other reporting duties, shall forthwith inform the Compliance Department or the structure responsible for monitoring

the Code of Conduct, as applicable, of any current or potential violation of laws, regulations or of this Code, in particular of the facts that could be qualified as a crime against the securities market or of other financial instruments and it shall be expressly prohibited to retaliate against Employees that carry out such notification.

### **3.3. Loyalty to Customers**

Employees shall seek to offer customers only the products and services that effectively suit their needs, clarifying the customer in advance of the costs and risks of operations that will be performed.

Employees shall refrain from issuing any judgments or considerations on issues of legal, tax or financial nature that transcend the information that is required to be provided to customers in the marketing of financial products.

Customers shall be informed in a clear and precise manner, whenever requested, of the details regarding operations carried out.

Employees shall always apply the commission fees in force, preventing that operations that aim only to generate commissions without an effective interest to customers be carried out.

### **3.4. Loyalty to the NB Group**

Employees shall be loyal to the NB Group, adequately using the means that are available to them. In particular:

- a) They shall protect the assets of the NB Group to which they have access, avoiding its use beyond what is deemed necessary for the performance of their duties, engaged in minimizing the risks of the activity;
- b) They shall keep and maintain all the information and documents related to the activity perfectly organised;
- c) They shall respect the NB Group's rights of intellectual property and inherent rights to use projects, computer programs and systems; equipment, manuals, videos, CD-ROMs, DVDs and similar technologies; in general, all works created and developed by the NB Group, whether due to the activity of the Employee or of his/her colleagues or third parties;

- d) They shall not use the image, name or brand of the NB Group, nor invoke their status as Employee, unless for the proper development of their activity;
- e) They shall refrain from using their position in the hierarchy or structure of the NB Group to obtain any advantage for themselves, for their family or any third party;
- f) They shall not use for personal gain business opportunities that are presented to them by customers or suppliers of the NB Group;
- g) They shall not compete with the NB Group.

### **3.5. Conflicts of interest**

#### **3.5.1 Notion and duty to communicate**

There is a conflict of interest whenever:

- a) a private interest of an Employee interferes or may interfere with the performance of his/her activity;
- b) incentives, rules and objectives that an Employee is subject to in a NB Group company are not fully aligned with the incentives, rules and objectives governing his/her activity in another company in which business is carried out.

The conflict of interest prevents the Employee from providing his/her service impartially and objectively.

It is considered that there is a conflict of interest, in particular in the following cases:

- a) The Employee carries out activity in a NB Group company which granted or intends to grant credit and in a third company that has obtained or intends to obtain credit from the NB Group, directly or through corporate structures in which it participates;
- b) The Employee is a partner, creditor or holder of an economic stake in a company that is a creditor, business partner or debtor of a NB Group company;
- c) The Employee is a partner, creditor or holder of an economic stake in a company that explores or intends to explore a business opportunity identified or developed by a NB Group company;

- d) The Employee carries out his/her activity in a NB Group company and in a company related to any shareholder who is the holder of a qualifying holding in NB.

The private interest of the Employee may be a purely personal interest and related to him/her, but can also be an interest of a relative or persons close to him/her.

Should a conflict of interest occur, actual or potential, the Employee concerned shall immediately report such fact to the Compliance Department or structure responsible for monitoring the Code of Conduct, as applicable, that according to the procedure laid down in Point 1.4 Monitoring the implementation of the Code of Conduct, shall take appropriate steps to resolve the conflict, including a ban on participation, voting or interference in any way in the decision process in question.

The information referred to in this paragraph shall be treated as confidential and can only be transmitted and/or used to identify, monitor, control, resolve conflict of interest situations or for the purposes of disciplinary proceedings.

The Compliance Department of NB shall establish and maintain updated a list of examples of possible conflicts of interest.

For the purposes of preparing said list other internal structures or entities of the NB Group can be consulted.

This list and each of its updates must be submitted annually to the Internal Audit Department, to the Global Risk Department and presented to the Executive Board of Directors.

### **3.5.2 Preference to customer interests**

Should there be a conflict, the interests of customers take precedence over the interests of the NB Group and of Employees within the limits of the law.

### **3.5.3 Conflict of interest with the NB Group**

The Employees shall not participate in any operation that is in any way related to their individual interests. As a result, and merely illustrative, Employees:

- a) Shall refrain from developing business relationships with any company in the NB Group, which are not included in the company trade or in which special benefits are granted, unless previously approved by the Executive Board of Directors of NB and where all other applicable rules have been observed;
- b) Shall not give any preferential treatment or privileged working conditions based only on the existence of personal, family or close relationships;
- c) Shall not intervene in the consideration and decision of operations in which they, relatives or close persons are directly or indirectly interested parties.

### **3.5.4 Conflict of interest with Customers**

No Employee will accept mandates or powers of attorney granted by NB Group customers, unless expressly authorized by the Compliance Officer or the person responsible for the structure in charge of monitoring the Code of Conduct, as applicable, that for this purpose, shall consult the head of the Employee, the Department of Legal Affairs and the Human Resources Department.

The NB Group will avoid the creation of exclusive relationships between Employees and customers that may lead to a personal or economic dependence or limit access of the customer in question to other Employees or access channels to the NB Group.

Employees shall avoid encouraging the practice of an operation by a customer in order to benefit another, unless both know their respective positions and accept the operation.

Employees shall always inform customers of any interests that may conflict with their wishes.

### **3.5.5 Gifts, commissions or loans**

It is forbidden to solicit or accept any fee or commission for transactions made on behalf of the NB Group, as well as to profit from the hierarchical position occupied.

No Employee may accept gifts, invitations, favours or similar benefits (the "offers"), provided that such offers are related to the professional activity in the NB Group, with the following exceptions:

- a) Advertising objects of reduced value;
- b) Offers or invitations that do not exceed the reasonable limits of social uses;

- c) Occasional offers during festive situations (such as Christmas or wedding gifts), provided that such offers are not provided in cash and the value is reasonable.

In any case, the above situations referred in a), b) and c) shall be reported by the Employees to the Compliance Department or structure responsible for monitoring the Code of Conduct, as applicable:

- a) Obtaining offers that the Employee suspects may have been due to a desire to affect his/her impartiality;
- b) Obtaining offers worth more than 250 euros.

No Employee may, by himself/herself or through an intermediary, request credit, in any form, from customers, suppliers, NB shareholders who are not credit institutions or from other Employees of the NB Group.

### **3.6. Information and confidentiality**

Employees may not disclose or use information about facts or elements involving the NB Group or its relations with customers that are known exclusively due to the exercise of their functions or the provision of their services.

This obligation of professional secrecy does not terminate with the completion of functions or services.

The facts or elements subject to secrecy may only be disclosed to third parties, under legally permitted terms.

### **3.7. Relations with the exterior**

#### **3.7.1 Relations with the media**

Employees shall refrain from transmitting on their own initiative or at the request of third parties any news or information about the NB Group or a company that integrates it to the media.

Any communication must be informed in advance and authorized by a person with powers for such under internal rules, whenever it is an Employee without the powers of a representative to issue opinions of the NB Group to the exterior.

Employees shall seek to prevent the spread of comments or rumours about the NB Group or company that integrates it.

### **3.7.2 Relations with public authorities and supervisory bodies**

Employees shall provide all necessary cooperation that is requested and required, under the law, to public authorities and supervisory and monitoring bodies.

Except where legally prohibited, namely due to obligation of confidentiality, Employees shall immediately notify the Compliance Department or structure responsible for monitoring the Code of Conduct, as applicable, if the cases are due to the exercise of their activity in the NB Group:

- a) Notified as accused or defendant in a civil, administrative, arbitration case or any other;
- b) Subject to any censorship, judicial sentence, suspension, fine, order to cease and withdraw or any other penalty imposed by an authority;
- c) Subject to any written complaint from a customer or a request for judicial compensation made by a customer.

All Employees shall also immediately notify the Compliance Department or structure responsible for monitoring of the Code of Conduct, as applicable, if they are:

- a) Subject to any insolvency proceedings;
- b) Subject to arrest, summons, allegation or conviction for any criminal case.

### **3.7.3 Political and association activities and other remunerated activities**

Belonging or adhering to political parties or institutions or associations should be done in terms that make the personal nature of the activity quite clear.

Before accepting public office, Employees shall first inform the Compliance Department, or the structure responsible for monitoring the Code of Conduct, as applicable, to determine whether there are incompatibilities or restrictions. For the purposes of this Code, the expression "public office" shall mean positions in sovereign bodies and positions in executive bodies of central, regional and local administration and public enterprises.

Employees shall report in advance to the respective hierarchy the exercise of any paid activities outside the NB Group, namely in order to prevent possible conflicts of interest. In turn, the head of each Employee shall provide this information and its opinion to the Compliance Department or structure responsible for monitoring the Code of Conduct, as applicable, and to the Human Resources Department or structure responsible for Human Resources.

## **4. Money laundering and terrorist financing, insider trading and market manipulation**

### **4.1. Money laundering and terrorist financing**

The NB Group and its Employees act to ensure compliance with legal, regulatory and internal rules for the prevention of money laundering and terrorist financing.

Employees will be provided adequate training to recognise transactions that may be related to these practices and their prevention or detection.

Employees with commercial functions shall comply with the procedures set of customer identification and maintain a continuous monitoring of the business relationship, analysing the operations carried out in this respect and checking their compliance with the information previously obtained and their knowledge of the customer, taking into account, among other factors, the significant changes to account movement patterns and consistency between the transactions made and the customer profile;

### **4.2. Insider information / Insider trading**

Notwithstanding what is specifically provided in Regulations on Financial Intermediation Activities, Employees that have, for whatever reason, insider information, are expressly prohibited to transmit it to someone outside the scope of their duties or to use it or based on said information, negotiate or advise anyone to trade in securities or other financial instruments or to order their subscription, acquisition, sale or exchange, directly or indirectly, for themselves or others, before the information is made public.

Insider information covers:

- a) Any information not made public, precise and concerning, directly or indirectly, any issuer or any securities or other financial instruments would be likely if it were made public, to have a significant effect on its market price;
- b) The facts which occurred, existing or reasonably foreseeable, regardless of their degree of formalization, which due to the susceptibility of influencing the prices of the securities or financial instruments, any reasonable investor would normally use if he had knowledge of them, to base, all or part of his investment decisions;
- c) In relation to derivatives on commodities, all information of a precise nature which has not been made public relating, directly or indirectly, to one or more said derivatives and which users of the markets in which they are traded would expect to receive or would be entitled to receive in accordance, respectively, with accepted market practices or the arrangements for dissemination of information in these markets.

#### **4.3. Market manipulation**

It is absolutely prohibited to disseminate false, incomplete, exaggerated or biased information, to carry out fictitious transactions or perform other fraudulent practices that are capable of altering artificially the regular functioning of the securities market or other financial instruments.

### **5. Disclosure of the Code of Conduct**

The Code of Conduct shall be adequately publicised.

## ANNEX TO CODE OF CONDUCT

### NOVO BANCO Complaints Management

1. Notwithstanding the legal scheme applicable to complaints submitted to credit institutions, complaints may be submitted by NOVO BANCO ("NB") customers through any of the following communication channels:
  - Using the online form at [www.novobanco.pt](http://www.novobanco.pt);
  - E-mail [satisfacao@novobanco.pt](mailto:satisfacao@novobanco.pt)
  - NBnet Service;
  - NBdireto telephone service (707 24 7 365);
  - Fax (21 424 11 33);
  - Letter addressed to NB, Organization and Quality Department, Av. da Liberdade, n.º 195, 11º, 1250-142 Lisbon;
  - At any NB branch.
2. Complaints must be duly justified and accompanied by all of the customer's available information providing proof of the event in question.
3. Complaints will be forwarded to the Organization and Quality Department, which is equipped with the proper technical resources, and is responsible for opening the case and monitoring it until its conclusion, including a customer response whenever necessary.
4. The initial proceedings shall include all measures needed to ascertain the facts.
5. NB will keep complaint cases on file for the legally required time period.
6. The submission of a complaint to NB shall in no way prohibit the customer from filing complaints with the supervisory authorities.
7. NB shall contact supervisory authorities on these matters, and shall keep records of all complaints received.