

**Terms of Reference of the Remuneration Committee  
of the General and Supervisory Board of Novo Banco, S.A.**

(Date of last update: 27<sup>th</sup> March, 2024)

The Remuneration Committee and the General and Supervisory Board have approved the present Terms of Reference.

**§ 1**

**Composition and Chairman**

- (1) The Remuneration Committee (the "**Committee**") consists of at least three members each of whom (including the **Chairman**) 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.
- (4) Members of the Committee should have collectively appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanisms for aligning the remuneration structure to institutions' risk and capital profiles.
- (5) Members of the Committee should have independence of mind, namely being capable of raising questions, having critical discussion, making their own sound, objective and independent decisions and judgments and, if so required, expressing dissenting views and challenging proposed decisions.

**§ 2**

**Functions**

- (1) The Committee shall have the functions set out in these Terms of Reference alongside with any others provided by applicable law or regulation.
- (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, in accordance with applicable regulations, any of the following financial subsidiaries: BEST – Banco Electrónico de Serviço Total, S.A., Novo Banco dos Açores, S.A., GNB – Gestão de Ativos, Sociedade Gestora de Organismos de Investimento Coletivo, S.A. and GNB - Sociedade Gestora de Fundos de Pensões, S.A. . Therefore, the matters and competences foreseen herein shall be exercised considering the Bank and the above-mentioned entities, in accordance with the applicable law and regulations and without prejudice to the responsibilities and competences of the relevant corporate bodies and committees of the entities.

(3) In particular, the Committee:

- a) prepares the Bank's remuneration policies and propose 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) assist the General and Supervisory Board in the preparation of the decisions related to 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 for Management and Supervision Bodies, notably regarding the prevention of conflict of interests 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, to the Shareholders' Meeting and to the Executive Board of Directors. This assessment should include (i) an analysis of whether the remuneration practices and processes are in compliance with the remuneration policy and (ii) an analysis of whether the existing remuneration policy is still up to date and, if necessary, the

- appropriate proposals for changes;
- h) assist 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 Internal Audit), providing, whenever applicable, recommendations to the General and Supervisory Board on the definition of the remuneration package and the remuneration to be awarded;
  - j) reviews and acknowledges 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 the select Identified Staff (as defined in the Remuneration Policy for Staff Members of Novo Banco);
  - l) sets, based on the criteria defined in the Remuneration Policies for Management and Supervisory Bodies and for the Staff Members, if there is a budget for Variable Remuneration and if so, defines the maximum amount to be considered. Likewise, freely and discretionarily sets the global amount of bonus (as defined in the Remuneration Policy for Staff Members of Novo Banco) to be allocated each year to Staff Members;
  - m) collaborates with other committees whose activities may have an impact on the drafting and the correct functioning of remuneration policies and practices;
  - n) 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;
  - o) assesses the mechanisms and systems adopted to ensure that the remuneration systems take into due account all types of risks as well as levels of liquidity and own funds, 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;
  - p) assess the achievement of performance targets and the need for *ex post* risk adjustment, including the application of malus and clawback

arrangements;

- 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) ensure the adequacy of the information provided to shareholders on remuneration policies and practices, in particular on a proposed higher maximum level of the ratio between fixed and variable remuneration;
  - s) 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;
  - t) negotiates the contractual terms of agreements to be entered into with any prospective member of the Executive Board of Directors of the Bank;
  - u) reviews and acknowledges the contractual terms of the Monitoring Committee members entered into with the Bank;
  - v) provides 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;
  - w) monitors the decision remuneration process of the financial subsidiaries' management and supervisory bodies and identified staff;
  - x) any other duties assigned to the Committee pursuant to the remuneration policies and applicable laws and regulations.
- (4) In performing its tasks, the Committee may draw on all resources which it deems appropriate and appoint and engage external advisors for advice or support on remuneration related matters.
- (5) In performing the tasks listed above, the Committee will seek to consider the shareholders', investors and other stakeholders' long term interests, as well as, to the extent it is applicable, the public interest.
- (6) In what concerns the policies referred to in (3) a), the Committee will pursue the goal of ensuring that those policies are gender neutral, in the sense that they foresee a remuneration policy based on equal pay for male and female workers for equal work or work of equal value. The Committee will also monitor, on a continuous basis, the possible development of gender gaps and, when it finds material differences between the average pay of male and female staff or male

and female members of the management bodies, it will give notice to the General and Supervisory Board, documenting the main reasons for such material gaps, namely assessing whether the differences result from a remuneration policy that is not gender neutral, and, if justified, proposing appropriate actions.

- (7) 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.
- (8) The Committee coordinates its work with the Risk Committee of the General and Supervisory Board and works closely with it as required to properly perform its tasks. The Chairman reports regularly on the work of the Committee at the meetings of the Risk Committee of the General and Supervisory Board.

### **§ 3**

#### **Meeting procedures**

- (1) The Committee shall approve an annual calendar of meetings, which shall provide for at least 4 (four) meetings and an annual work program.
- (2) The Committee shall meet as additional times as necessary, being called upon by a resolution adopted by the Committee itself or by the Chairman thereof.
- (3) The relevant documentation for each meeting (draft agenda, presentations, reports, past meeting minutes and other supporting documentation) shall be provided to the committee members, at least 2 (two) days in advance of the meeting date, unless such deadline cannot be met due to reasons of urgency, duly approved by the Chairman, in which case the information shall be delivered to the directors as promptly as possible.

### **§ 4**

#### **Meetings and voting**

- (1) Meetings of the Committee are convened by its Chairman or – if he/she is unavailable – by the Chairman of the General and Supervisory Board with an advance notice period of at least 14 (fourteen) days.
- (2) Unless otherwise expressly stipulated herein or in applicable law, the provisions in the Articles of Association and the Terms of Reference of 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 meetings.
- (4) In case of a tie vote, the Chairman has a casting vote.
- (5) Unless otherwise determined by the Chairman, the Head of Human Capital Department shall attend the Committee's meetings.

## **§ 5**

### **Participation in meetings**

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

## **§ 6**

### **Right to information**

- (1) The Remuneration Committee shall:
  - a) have access to all data and information concerning the decision-making process of the supervisory function on the remuneration policies and practices design and implementation, oversight and review;
  - b) have adequate financial resources and unfettered access to all information and data from independent control functions, including risk management;
  - c) ensure the proper involvement of the independent control and other relevant functions (e.g. human resources, legal and strategic planning) within the respective areas of expertise and where necessary seek external advice.
- (2) The Committee shall collaborate with the Risk, Financial Affairs (Audit) and Nomination Committees of the General and Supervisory Board in relation to the design and proper functioning of remuneration policies and practices.

## **§7**

### **Representation**

The Chairman or, if he/she is unavailable, the Chairman of the General and Supervisory Board, acts on behalf of the Committee.

## **§ 8**

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

The Chairman reports regularly to the General and Supervisory Board on the work performed and the decisions taken by the Committee and provide them with any appropriate information request. In any case, it will immediately report to the General and Supervisory Board any important and / or urgent matter.

## **§ 9**

### **Final provisions**

- (1) The matters that are not regulated in the current Terms of Reference are governed by the general provisions foreseen in the General and Supervisory Board's Terms of Reference, as applicable.
- (2) A Portuguese version of these Terms of Reference will be prepared. In the event of any discrepancy between the English and Portuguese versions, the English version shall prevail.
- (3) These Terms of Reference shall be revisited on a yearly basis. Every two years, a formal review process of these Terms of Reference shall be carried out. This formal review process shall be concluded by a resolution of the General and Supervisory Board and of the Committee approving the relevant amendments to the Terms of Reference or concluding that no amendments are required.

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