



Policy for Selection and Evaluation of Novo Banco' Management and Supervisory Bodies and Key Function Holders

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I. Legal and Regulatory Framework

The present Policy for Selection and Evaluation of Novo Banco, S.A. ("novobanco" or "Bank") of the members of the Management and Supervisory Bodies and Key Function Holders ("The Policy") aims to comply with the provisions of articles 30^o-A, no. 2 and 33^o-A, no. 3 of *Regime Geral das Instituições de Crédito e Sociedades Financeiras* ("RGICSF") and article 5, no.4 subparagraph b) of Notice no.3/2020 of Bank of Portugal ensuring that novobanco, as a significant under the current legal and regulatory framework, adopts the applicable national and European standards and principles pertaining the internal governance of financial institutions.

The Policy has been prepared considering the applicable legal and regulatory framework including:

- i) The RGICSF;
- ii) The joint ESMA (European Securities and Markets Authority) and EBA (European Banking Authority) Guidelines on the assessment on the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU (EBA/GL/20121/06);
- iii) The joint ESMA (European Securities and Markets Authority) and EBA (European Banking Authority) Guidelines on internal governance (EBA/GL/2021/05);
- iv) The Bank of Portugal Circular-Letter no. 002/2015/DSP, dated of March 2, 2015;
- v) The Bank of Portugal Circular-Letter no. 2018/00000018, dated of March 15, 2018;
- vi) The Bank of Portugal Circular Letter no. 2021/00000058, dated of December 10, 2021;
- vii) The Bank of Portugal Instruction no. 23/2018, in its current version;
- viii) The Bank of Portugal Instruction no. 7/2021, in its current version;
- ix) The Notice no. 3/2020 from Bank of Portugal, dated of July 15, 2020;
- x) The Notice no. 1/2022 from Bank of Portugal, dated of August 5, 2022, in its current version;
- xi) The Securities Market Commission (CMVM) guidelines on the assessment of suitability for the exercise of regulated functions and of holders of qualifying holdings, dated of January 16, 2023;
- xii) Guidelines of the Insurance and Pension Funds Supervisory Authority ("ASF"), regarding the Assessment and Prior Register for the Exercise of Regulated Functions, approved by Circular No. 2/2023, of February 14, 2023;
- xiii) The European Central Bank "Guide to Fit and Proper Assessments", updated in December 2021;
- xiv) The Commercial Companies Code (*Código das Sociedades Comerciais*);
- xv) The Securities Market Code (*Código dos Valores Mobiliários*).

The Policy intends to ensure that the members of the Management and Supervisory Bodies and Key Function Holders of novobanco and of its financial subsidiaries are suitable for the performance of their duties (fit and proper) at the time they are appointed as well as throughout their mandates. For the purpose of this Policy, financial subsidiaries are the following: 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..

In this context, the suitability refers to the capacity to permanently ensure a sound and prudent management of the financial institutions, bearing in mind the safeguarding of the financial system and the interests of its customers, depositors, investors, creditors and all other relevant stakeholders.

II. Scope

The present Policy applies to the following positions at novobanco and at its financial subsidiaries, as applicable:

- a) Members of the General and Supervisory Board;
- b) Members of the Executive Board of Directors;
- c) Key Function Holders; and
- d) General Managers of Branches.

For the purpose of this Policy, “**Key Function Holders**” are:

- a) Officers responsible for the control functions: Risk Management, Internal Audit and Compliance;
- b) General Managers of Branches;
- c) Head of Treasury, ALM and Prevention of Money Laundering and Terrorist Financing;
- d) Head of Retail and Corporate Marketing;
- e) Chief Operating Officer;
- f) Holders of other functions or positions that might be appointed as Key Function Holders by the Executive Board of Directors; and
- g) Holders of other functions or positions that may, in the future, be designated as “Key” or “Essential” by the Bank of Portugal or the European Central Bank.

The financial subsidiaries of novobanco, must adopt policies of selection and evaluation of the suitability of the members of the Management and Supervisory Bodies and Key Functions Holders based on the same principles and objectives of the present Policy, as applicable. Notwithstanding the above and without prejudice to the responsibilities and competences of the relevant corporate bodies and committees of such subsidiaries may have, the Nomination Committee of novobanco supports the General and Supervisory Board in supervising the Executive Board of Directors in the implementation and compliance with the policies of nomination of the financial subsidiaries so that they are consistent and aligned with those of novobanco.

III. General Principles and Objectives

The suitability of the members of the Management and Supervisory Bodies for the functions they are committed is a determining factor in the sound and prudent management of the credit institutions, contributing to the proper functioning of the financial system and the satisfaction of the legitimate expectations of customers, depositors, investors, creditors and all other relevant stakeholders.

The suitability of the Key Function Holders, while employees whose activities have a significant influence on the Bank's management, is an important factor for its sound and prudent management, by strengthening the existing internal governance mechanisms and contributing to reducing the costs associated to the occurrences of failures with a financial impact or material reputational risk.

The suitability assessment of the members of the Management and Supervisory Bodies and Key Function Holders in novobanco aims to ensure that the abovementioned members gather the necessary requirements of suitability (fit and proper), professional experience, independence and availability and shall consider the nature, size and complexity of novobanco activity and the responsibilities associated to the specific tasks to be performed.

Additionally, the aforementioned suitability assessment should consider the individual characteristics of the members of the Management and Supervisory Bodies, as well as safeguard the necessary conditions underlying the functioning of these bodies as collegial entities, namely:

- i) Diversity of qualifications, adequate knowledge, skills and experience;
- ii) Independence of mind and independent members;
- iii) Sufficient time commitment; and
- iv) Promotion of gender representativeness balance and diversity.

In order to ensure management stability and an appropriate continuity, novobanco will implement a Succession Planning Policy of its Management Bodies and Key Function Holders.

IV. Responsibility for evaluating the suitability of the Members for the Management and Supervisory Bodies and Key Function Holders

a) Competence to evaluate the suitability of the members of the General and Supervisory Board and the Members of Executive Board of Directors

The internal body that is responsible for evaluating the suitability is the Nomination Committee of the General and Supervisory Board ("Nomination Committee"). This Committee is responsible for:

- a) identifying and recommending candidates to fill a position in the Executive Board of Directors and in the General and Supervisory Board and preparing the election of recommendations or proposals for such purpose; as well as approve proposals of the Executive Board of Directors regarding nominations for the position of a Key Function Holder in accordance with this Policy.
- b) further to/in addition to the above identify the candidate to be consider for election as the Chief Executive Officer ("CEO") of the Executive Board of Directors;
- c) drawing up an objective to promote the representation of the underrepresented gender on the Banks' Executive Board of Directors and on the General and Supervisory Board, as well as a strategy for achieving this;
- d) assessing regularly, and at least annually, the structure, size, composition and performance of the Executive Board of Directors and of the General and Supervisory Board of the Bank and making recommendations in this regard to the General and Supervisory Board or to the Executive Board of Directors, as appropriate. The Committee shall assess and give its opinion to the General Supervisory Board for it to opine and give its prior approval in respect of any

prospective changes that the Executive Board of Directors decides to do in the organizational structure, individual responsibilities and roles of members of the Executive Board of Directors and assess and be timely informed of any prospective changes to senior management reporting lines, taking into account the need to ensure that the decision-making process in such body is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of the Bank as a whole;

- e) assessing regularly, and at least annually, the suitability (fit and proper) of the individual members of the Executive Board of Directors and of the General and Supervisory Board, as well as the collective suitability of such bodies, and report the results to them accordingly;
- f) assessing regularly the suitability (fit and proper) of the Key Function Holders;
- g) selecting, appointing and establishing overall guidelines for the activity of the Fit and Proper Officer, including the performance of functions at the group's level.

The members of the Nomination Committee must have, individually and collectively, the appropriate knowledge, skills and professional experience required for the performance of their duties, as set out in the Nomination Committee's Terms of Reference, they cannot be a part of the Executive Board of Directors and shall comply with the independence requirements applicable to this Committee.

The Nomination Committee is entitled to obtain, through its Chairman, the necessary information for the performance of its functions from any member of the Corporate Bodies of the Bank and from senior managers of the Bank reporting directly to the Executive Board of Directors.

b) Fit and Proper Officer

The Nomination Committee shall appoint and grant all necessary powers to the Fit and Proper Officer to perform the preparation of the fit and proper assessment, including the administrative functions related with the fit and proper assessment tasks, whether at the level of novobanco 'corporate bodies and key function holders or at the level of the financial subsidiaries to ensure the full alignment and compliance with the applicable rules.

The Fit and Proper Officer shall be a senior director of the Bank, but not a member of the Executive Board of Directors, and shall be appointed for the same mandate of the Nomination Committee.

The Fit and Proper Officer shall be provided with all means (internal and external) for the performance of its functions.

c) Competence to appoint and evaluate the suitability of the Key Function Holders

The approval of the adequate eligible candidates to be appointed as Key Functions Holders is under the responsibility of the Executive Board of Directors following an evaluation and recommendation of the Fit and Proper Officer prepared in accordance with the Policy.

This recommendation shall be included in a proposal prepared for this purpose and sent to the Executive Board of Directors who shall submit it for approval by the Nomination Committee.

The Executive Board of Directors is responsible for the final decision on the appointment of Key Function Holders.

The decision of replacement or dismissal of the responsible for the risk management, internal audit or compliance functions may only be taken by the Executive Board of Directors after prior approval of the General and Supervisory Board and upon a proposal submitted by the Nomination Committee, and the deliberation shall include the grounds for such replacement or dismissal and shall be communicated forthwith to the competent supervisory authority, along with the decision taken. The replacement process will include the preparation of a selection report and, subsequently, a further report assessing the suitability of the substitute, the latter complying with the provisions of Article 17 of Notice No 3/2020 of Banco of Portugal and Article 30-A of RGICSF. At the end of the evaluation process of the substitute, the necessary communications will be made to the competent supervisory authorities.

V. Requirements for the suitability of the members of the Management and Supervisory Bodies and Key Function Holders

According to ECB Guide to Fit and Proper Assessments, dated of December 2021, the suitability of the members of the Management and Supervisory Bodies and the Key Function Holders (as applicable) is assessed considering five criteria: (i) **experience**; (ii) **reputation**; (iii) **conflicts of interest and independence of mind**; (iv) **sufficient time commitment**; and (v) **collective suitability**.

These criteria are generally described in the following paragraphs.

(i) Experience:

The members of the General and Supervisory Board and of the Executive Board of Directors and the Key Function Holders must demonstrate that have the necessary skills and qualifications for the performance of their functions. Both these skills and qualifications shall have been acquired through academic qualification or specialized training appropriate to the position and through professional experience with the duration and stages of responsibilities in line with the characteristics, complexity and dimension of novobanco, as well as with the risks associated to the activity developed by novobanco.

It shall be also assessed the understanding of their role and responsibilities and well as the understanding of the areas for which an individual member is not directly responsible but is collectively accountable.

Previous training and experience should be considered sufficient for the holders of such positions to understand novobanco operations and activities, evaluate the risks to which it is exposed and critically analyze the decisions taken.

In particular, the members of the General and Supervisory Board must possess the skills and qualifications that enable them to carry out a critical evaluation and an effective oversight of the decisions taken by the Executive Board of Directors and to effectively supervise the function of this body.

The evaluation of this requirement should not be limited to the academic degree or previous functions held in a credit institution or other company, but it should rather be extended to the practical experience of the member in previous positions, considering the nature, size and complexity of novobanco activities as well as of the function to be held.

Thus, in assessing the experience of a member of the General and Supervisory Board or of the Executive Board of Directors, special attention will be given to basic theoretical experience in the following areas:

- Banking and Financial markets;
- Regulatory framework and legal requirements;
- Strategic planning, understanding of a credit institution's commercial strategy, business plan and respective implementation requirements;
- Risk management (identifying, assessing, monitoring, controlling and mitigating the main types of risk of a credit institution) including experience directly related to the responsibilities of the member;
- Accounting and auditing;
- Assessment of the control mechanisms effectiveness and appropriate Governance Model;
- Interpreting a credit institution's financial information, identifying key issues based on this information and appropriate controls and measures.

The members of the General and Supervisory Board and of the Executive Board of Directors must also have acquired sufficient practical and professional experience in a management position for a sufficiently long period and that shall be assessed with regard to:

- The length of the prior professional experience;
- The nature and complexity of the activity of the company where the position was exercised, including its organizational structure;
- The scope of competences, decision-making powers and responsibilities;
- The technical knowledge acquired in the exercise of the prior position regarding the activity of a credit institution and the evidence of clear understanding of the risks to which credit institutions are exposed.

The experience may have been acquired in the exercise of academic positions, given particular attention to the level and profile of academic courses and their relationship with banking and financial or other relevant fields, taking into account that, in general, courses in banking and finance, economics, law, administration, financial regulation, engineering, information and technology and quantitative methods are related to banking and financial services.

With regard to the General and Supervisory Board, its members must have a relevant past experience in senior management positions on credit institutions or companies of significant size.

(ii) Reputation:

In assessing the Reputation criteria, consideration shall be given to how the person practices the profession, in particular the ability to decide in a considered and prudent manner, the person's ability to timely fulfill its obligations, to have compatible behavior with the preservation of market confidence, taking into account all the circumstances in which professional conduct may be assessed for the duties in cause.

The assessment of suitability will be made based on an objective criteria, taking as much as possible complete information on the past functions of the person, the most salient features of his/her behavior and the context in which the decisions were taken.

In this assessment, at least the following circumstances shall be considered, depending on their severity:

- Evidence that the member of the General and Supervisory Board or of the Executive Board of Directors has not acted in a transparent or cooperative manner in its relations with any national or foreign supervisory or regulatory authorities;
- Refusal, revocation, cancellation or cessation of registration, authorization, admission or license to engage in a commercial business or professional activity, by a supervisory authority, professional body or body with similar functions, or removal of the exercise of a position by a public entity;
- Prohibition, by judicial authority, supervisory authority, or professional body with similar functions, to act as an administrator or manager of a civil or commercial society.
- Default record port in the Bank of Portugal's *Credit Responsibilities Repository* or any other records of a similar nature, by the competent authority;
- Personal insolvency, regardless of qualification;
- Civil actions, administrative proceedings or criminal prosecutions, as well as any other circumstances which may have a significant impact on the financial status of the person.

In general, the members of the General and Supervisory Board and of the Executive Board of Directors are considered to be of a good repute, honest and with integrity unless there are reasonable grounds for doubt.

(iii) Conflicts of interest and independence of mind

The requirement of independence of mind is intended to prevent the risk of subjecting members of the General and Supervisory Board and of the Executive Board of Directors and the Key Function Holders to the undue influence of other persons or entities, promoting conditions that allow the performance of their functions with exemption.

Independence of mind is required for each member regardless of whether or not the member is considered as 'being independent' in accordance with the section below, as all members of the Management and Supervisory Bodies must be actively involved in the performance of their functions and responsibilities and be able to make their own decisions and form their own judgments in an appropriate and objective manner.

In assessing independence, all situations which may affect the independence of the person concerned are taken into account, in particular:

- Positions that the person concerned holds or held in novobanco or in novobanco Group or in another financial institution;
- Existence of relations of kinship or similar, as well as professional or economic nature relations, which the person concerned holds with other member of any Statutory Body of novobanco or entities of the Group;
- Existence of relations of kinship or similar, as well as professional or economic nature relations, which the person concerned maintains with a person who holds a qualified stake in novobanco or in entities of the Group.

According to incompatibilities established by law for the members of the Supervisory Board the following **must not** be elected or designated as Members of the General and Supervisory Board:

- a) Those enjoying particular benefits pertaining to the Bank;
- b) Those exercising management functions within the Bank;
- c) Members of the corporate bodies of a company which is in a controlling or group relationship with the company under supervision;
- d) A partner in a partnership which is in a controlling relationship with the supervised company;
- e) Those who directly or indirectly provide services or establish a significant business relationship with the supervised company or a company in a controlling or group relationship with the supervised company;
- f) Those who exercise functions in a competing company and who act in representation or on behalf of or who are in any way bound by the interests of the competing company;
- g) The spouses, relatives and kin in a direct line of ascendance, up to and including the 3rd degree, in the collateral line, of persons impeded under the terms of items a), b), c), d) and f), as well as the spouses of persons affected by the terms of item e);
- h) Those who exercise directorial or supervisory functions in five companies, with the exception of law firms, statutory audit firms and statutory auditors;
- i) Statutory auditors in relation to whom there are other incompatibilities provided for in the respective legislation;
- j) Those who are banned, incapacitated, insolvent, bankrupt and those sentenced to penalties involving the prohibition, albeit temporary, of exercise of public functions.

The occurrence of any of the reasons mentioned in the above paragraphs shall result in the expiry of the assignment.

When assessing the existence of conflicts of interests, the Bank should identify actual or potential conflicts of interest in accordance with its internal Conflicts of Interest Policy and assess their materiality.

(iv) Sufficient Time commitment

The members of the Management and Supervisory Bodies and Key Functions Holders must devote sufficient time to the proper exercise their duties in the full performance of the powers conferred on them, according to the size of the Bank and the complexity of its activity. Additionally, considering that the Bank is a significant institution, this assessment should also include an evaluation to ensure that the limitation on the maximum number of positions held is complied with.

If and when any member of the Management and Supervisory Bodies or Key Functions Holders intends to accumulate the position in the Bank with other statutory positions in other entities, he/she must notify the Fit and Proper Officer presenting an annual estimate of the weekly hours that he/she intends to dedicate to the exercise of the proposed functions, and state the reasons why he/she considers that still maintain the adequate availability towards the committed duties within novobanco. The Fit and Proper Officer will inform the Nomination Committee of notifications of accumulation of positions received from the members of the Management and Supervisory Bodies and/or Key Functions Holders.

(v) Collective suitability

In the collective evaluation of the Management and Supervisory Bodies, it shall be verified whether the composition of these bodies brings together, in collective terms, the diversity of professional qualifications, skills and experience and sufficient time commitment to fulfill their respective legal and statutory functions in all relevant areas of performance.

The Management and Supervisory Bodies shall integrate, in collective terms, members with knowledge, skills and practical experience in areas which are relevant for the exercise of the corresponding functions in financial institutions, provided that all areas of knowledge required for the Bank's business activities are covered collectively which may include: banking, finance, economics, management, law, administration, financial regulation, engineering, technology, climate-related or environmental risk knowledge and experience, remuneration policies and quantitative methods.

The General and Supervisory Board shall always have a majority of independent members, within the meaning of paragraph 5 of article 414 of the Code of Commercial Companies and those members should have the adequate academic degree and high competence and knowledge in the areas of finance, accounting and auditing or operational knowledge in the banking sector. The General and Supervisory Board shall have sufficient management skills to organize its tasks effectively and to be able to understand and challenge the management practices applied and decisions taken.

In relation to diversity, it is recognized the importance to have a diverse range of members in order to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the management body. To assess such criteria, the following diversity aspects should be taken into account: educational and professional background, gender, age and geographical provenance.

In what concerns the gender diversity, the selection of the candidates to be members of the management and supervisory bodies should take into account the gender diversity targets, in addition to other diversity competencies, aiming to have, at least, a 20% of the underrepresented

gender in the next mandate renewal of the governing bodies. In order to achieve this target within the timeframe established, the Bank has devised specific initiatives to promote gender diversity within the Bank, namely the Gender Equality Plan.

VI. Procedures for Selection and Evaluation of the Members of Management and Supervisory Bodies (Individual and Collective; Initial and Successive)

a) Initial Evaluation:

a.1.) Responsibility for evaluation

The initial assessment of the individual suitability of the **Members of the General and Supervisory Board** by the Nomination Committee must precede their selection and presentation to the General Shareholders Meeting, which shall appoint the candidates for those functions.

The Nomination Committee proactively develops the best efforts to identify new members for the Management and Supervisory Bodies, as well as to prepare in an appropriate timeframe the respective nomination process, without prejudice of the competence of the Shareholders General Meeting in this matter.

The initial assessment of the individual suitability of the **Members of the Executive Board of Directors** by the Nomination Committee must precede their presentation to the General Supervisory Board, which shall appoint the candidates for those functions.

The Fit and Proper Officer shall collect all the relevant information and prepare a proposal of evaluation of the members of the governing bodies to be previously submitted to the **Nomination Committee**.

In addition to the individual evaluation, the Nomination Committee shall also perform a **collective suitability assessment** in order to ensure that the management and supervisory bodies have the appropriate skills to effectively manage and oversee the Bank. This assessment shall also be included in the evaluation report to be prepared by the Fit and Proper Officer.

a.2.) Initial Evaluation procedures

Once identified a candidate to a member of a Management and Supervisory Body, the **Fit and Proper Officer** promotes the collection of a written statement with the information necessary and relevant to the initial assessment of the respective suitability, including, at a minimum, the information required under the Bank of Portugal authorization process, regulated by Bank of Portugal Instruction no. 23/2018 and no. 7/2021.

The report of the initial suitability assessment, prepared and presented by the **Fit and Proper Officer** under the terms of the preceding paragraphs, must necessarily contain at least the autonomous and reasoned analysis of the “Requirements for the suitability of the members of the Management and Supervisory Bodies” (as described in chapter V of the Policy): i) experience; (ii)

reputation; (iii) conflicts of interest and independence of mind; (iv) sufficient time commitment; and (v) collective suitability (“Initial Evaluation Report”).

The information considered relevant to the initial assessment of the candidate's suitability shall be accompanied by the supporting documents considered necessary.

The Initial Evaluation Report shall be made available to the General Meeting in the context of the preparatory information, and this report shall also follow the application for authorization to be sent to Bank of Portugal.

b) Successive Evaluation:

An ongoing assessment of the individual or collective suitability of the members of the Management and Supervisory Bodies should focus on whether the individual member or the members collectively remain suitable, taking into account the individual or collective performance and the relevant situation or event which caused a re-assessment and the impact it has on the actual or required suitability.

The Successive Evaluation of the individual suitability of the members of the Management and Supervisory Bodies is under the responsibility of Nomination Committee, with the support of the Fit and Proper Officer and shall be made:

- Annually; and
- Whenever new facts or events determine the need for a reassessment of suitability, being the members of the Management and Supervisory Bodies obliged to inform the Bank immediately of any supervening fact that changes or may change the content of the information provided or its evaluation of individual aptitude.

The Successive Evaluation of the collective suitability of the Management and Supervisory Bodies is also responsibility of the Nomination Committee with the support of the Fit and Proper Officer, and will take place annually or when the collective suitability may be affected by new facts or events related with one or more members of the bodies.

The Nomination Committee shall prepare an Annual Evaluation Report, containing the individual and collective evaluation of the members of the Management and Supervisory Bodies, which must include at least a reasoned analysis of the following points:

- **Individual Successive Evaluation:**
 - Summary presentation of the elements included in the Individual Evaluation Report;
 - Description of the changes that have occurred in the meantime, in relation to the elements included in the Individual Evaluation Report;
 - Sufficiency of time commitment to the performance of functions, in individual terms;
 - Compliance with the annual objectives for acquiring, maintaining and deepening knowledge and skills.
- **Collective Successive Evaluation:**
 - Structure, size, composition and performance of the Management and Supervisory Bodies;

- Suitability of skills, knowledge and experience, taking into account the Bank's activity;
- Sufficiency of time commitment to the performance of functions, in collective terms;
- Compliance with diversity and gender balance;
- Compliance with the annual goals for acquiring, maintaining and deepening knowledge and skills;
- Description of the individual or collective changes that have occurred in the meantime, is applicable, in relation to the elements included in the collective suitability chapter of the Initial Evaluation Report;
- Recommendation regarding possible changes.

In the event that the Nomination Committee concludes that a certain member is not suitable individually, or where the body is not suitable collectively, procedures shall be taken in order for the Bank immediately inform Bank of Portugal and ECB about the measures proposed or taken by the institution to remedy the situation.

The Bank shall have a complete and updated record of all the evaluation procedures, reports and supporting documentation.

VII. Procedures for Individual Evaluation of the Key Function Holders

The essential requirements of suitability, experience, independence and sufficient time commitment requirements set out for the members of Management and Statutory Bodies apply to Key Function Holders, *mutatis mutandis*.

a) Initial Evaluation:

Once identified a candidate to a Key Function in the Bank, the Fit and Proper Officer promotes the collection of the information necessary and relevant to the initial assessment of the respective suitability.

Pursuant to article 18 of Bank of Portugal Notice no.3/2020, the information collected in relation to a candidate to a Key Function Holder that will exercise any of the control functions in the Bank shall include a written statement that covers, at a minimum, the information required under the Bank of Portugal authorization process, regulated by Bank of Portugal Instruction no. 23/2018 and no. 7/2021.

In addition to the above, the below steps shall be followed:

- The information considered relevant to the initial assessment of the candidate's suitability by the Executive Board of Directors, is prepared by the Human Capital Department and shall be accompanied by such supporting documents as deemed necessary;
- The Fit and Proper Officer shall prepare, with the support of the Human Capital Department, the Initial Evaluation Report in respect of any Key Function Holder to be approved by the Executive Board of Directors. This report shall be submitted to the Nomination Committee.;
- The Initial Evaluation Reports relation to the Key Function Holder that will exercise any of the control functions must also follow the application for authorization to be sent to Bank of Portugal,

pursuant to article 18 of Bank of Portugal Notice no.3/2020 and articles 30.º-A and following of RGICSF.

b) Successive Evaluation:

The successive evaluation of the Key Function Holders shall be made annually by Nomination Committee, dully supported by the Fit and Proper Officer, and shall be carried out in accordance with the terms established for the successive evaluation of the individual suitability of the members of the Management and Supervisory Bodies, with the appropriate adaptations.

The Bank shall have a complete and updated record of all the evaluation procedures, reports and supporting documentation.

VIII. Induction and Training Programs for the Members of the Management and Supervisory Bodies and, with applicable adaptations, for the Key Function Holders

The Bank shall ensure conditions and resources so that the members of the Management and Supervisory Bodies and Key Function Holders are provided with induction programs to facilitate their clear understanding of the Bank structure, business model, risk profile and governance arrangements and have at all times the knowledge and skills necessary for the full performance of the functions assigned. It shall made available courses, seminars and induction and training programs at any time that are deemed appropriate for the needs of the member of the Management and Supervisory Bodies or Key Function Holders of the Bank.

The Human Capital Department shall prepare a detailed induction and training program for the members of the Management and Supervisory Bodies and Key Function Holders.

IX. Prevention, communication and managing of conflicts of interest

The members of Management and Supervisory Bodies or Key Function Holders should avoid any situation that could give rise to conflicts of interest.

Conflicts of interest are treated under the regime defined by novobanco internal regulations, namely Code of Conduct, Conflicts of Interest Policy, Policy on Transactions with Related Parties and the Regulations of the General and Supervisory Board and of the Executive Board of Directors.

The members of the Management and Supervisory Bodies or Key Function Holders must communicate the exercise of any external activity to the functions performed in novobanco, in order to allow the verification of potential conflicts of interests or incompatibilities according to Internal Rules 0024/2016 and 0057/2022.

X. Review of the Policy for Selection and Evaluation of novobanco Management and Supervisory Bodies and Key Function Holders

The Nomination Committee shall review the Policy for Selection and Evaluation at least every two years, or whenever is deemed necessary, submitting recommendations for changes to the General and Supervisory Board and to the Executive Board of Directors, to the extent applicable.

After receiving the Report prepared and presented by the Nomination Committee, which includes the review of the Selection and Evaluation Policy referred to in the preceding paragraph, the General and Supervisory Board shall approve the recommendations made by the Nomination Committee, or provide reasons for its refusal, identifying alternative solutions if weaknesses or outdated policy were detected, in relation to the applicable law, or to the recommendations of EBA, Banco de Portugal or CMVM (Comissão do Mercado de Valores Mobiliários).

The General and Supervisory Board shall submit the recommendations on the improvement of the Selection and Evaluation Policy to the General Meeting of the Bank for final approval.

XI. Approval, entry into force and amendments

This Policy was approved by the General Shareholders' Meeting of 22nd of March of 2024, following a proposal from the Nominations Committee of the General and Supervisory Board, having previously been approved by the General and Supervisory Board and the Executive Board of Directors, and will be entered into effective on that date.

XII. Publication

The present Policy will be published at novobanco institutional website (www.novobanco.pt).