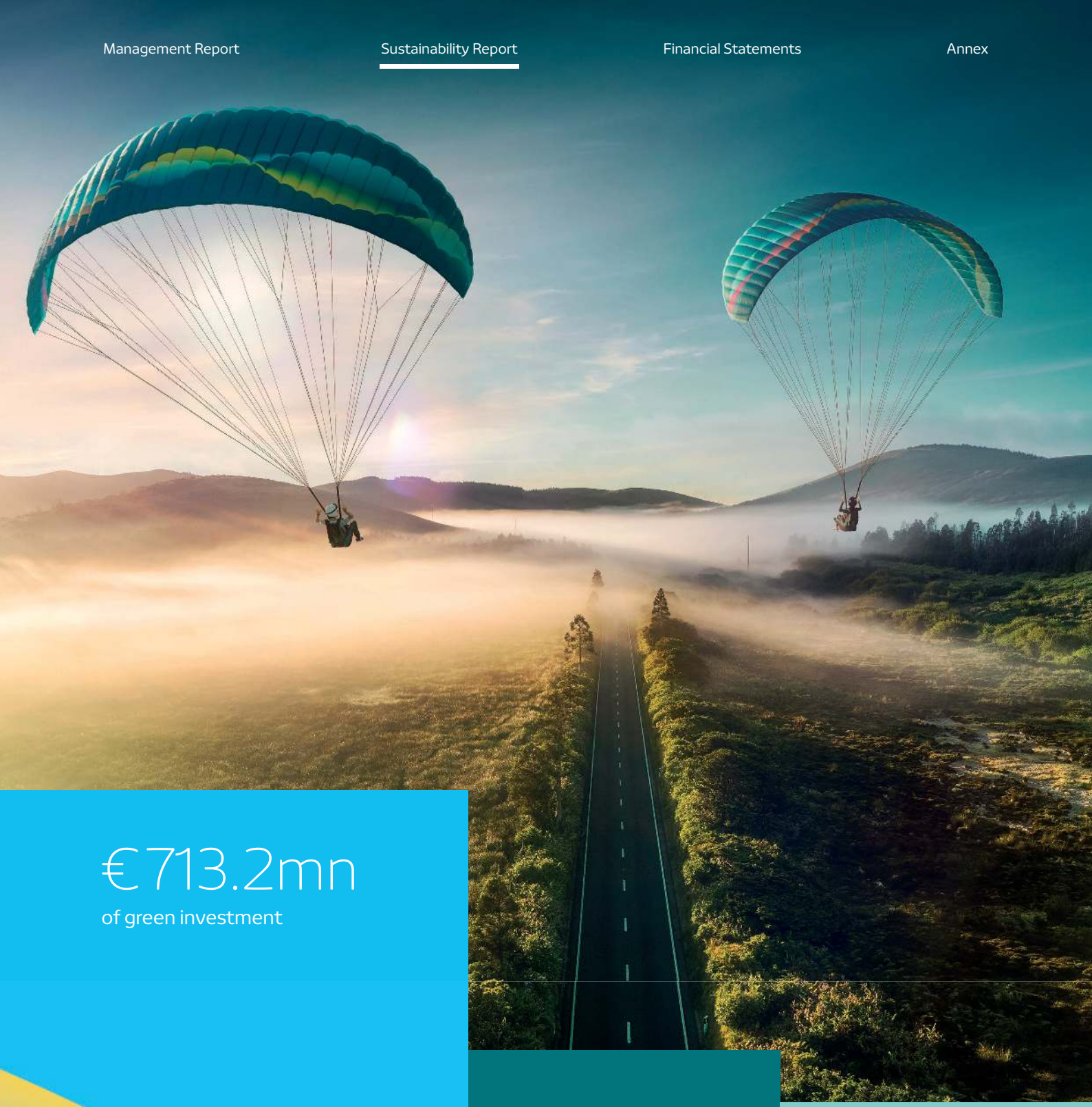
SUSTAINABILITY REPORT

2023

novobanco



€713.2mn
of green investment

39%
of women in management positions

-36.8%
of CO_2 emissions (scope 1 and 2 vs 2021)

SUSTAINABILITY REPORT

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The Sustainability Report is a part of novobanco Group Annual Report, for this reason this document starts at page 118

1 2023 ESG HIGHLIGHTS

1.1 Messages from the executive management

Sustainability and the management of ESG risks and opportunities is a core strategic priority for novobanco, and in 2023 we consolidated our goal of being an ESG champion in the Portuguese financial services by continuing to deliver significant progress.

Sustainable finance has a pivotal role to play in achieving national and European climate goals and, for novobanco, enabling our customers to lower their carbon footprint is a priority that can only be achieved through major investment in energy transition and climate action. **Having invested 369M€ in green financing in 2023, novobanco surpassed its 2024 green financing** targets more than one year ahead of the commitment. We've renewed and reinforced our commitment, with a target of 2B€ in Green investments for the next 3 years.

This reflects our focus on giving customers more choice and making their transition journey easier. Going forward we will continue to contribute to accelerate the pace of the required transition – identifying new ways of doing business and ensuring speed to market in supporting our customers with products and services.

In our own operations, we have similarly already well surpassed the Scope 1 and 2 GHG emissions' reduction targets set for 2024 and remain confident we will meet our 50% reduction target before the committed date of 2030.

I was particularly pleased with the success of our ESG literacy initiatives, specially aimed at supporting Portuguese SMEs understand, discuss, and share experiences, best practices and challenges surrounding their sustainability journeys.

Amplifying our positive social impact in the communities we serve is also a key concern in the way we do business, both through our people agenda and through our client and community programs, promoting social well-being initiatives and financial and digital literacy programs.

In 2023 we launched and executed several key initiatives of our "Developing People and Culture" strategic pillar, advancing employee value proposition, talent development and culture & values programs that are key to empowering a diverse team and deliver on our equity and inclusion commitments. Our female representation in management roles as risen **2,5 p.p. to 38,7% in 2023, from 2022.**

Mark Bourke
Chief Executive Officer

In 2023, we strengthened our contribution to making the Portuguese financial market and its ecosystem more sustainable, deepening the integration of ESG concerns and principles into our different business areas. Not only have we far exceeded our green investment and scope 1 and 2 GHG emissions reduction targets, but we have strengthened ESG governance, impact monitoring, and training and awareness for our colleagues and customers.

In 2023, we focused our work, first and foremost, on supporting our clients' transition journeys, through sustainable financing solutions and incorporating ESG risks and opportunities into the offer of products and services. We have also prioritized the evolution of our risk management systems and frameworks to enable the integration of ESG risks structurally into the business.

At the same time, incorporating social criteria into the way we run our business was also a priority in 2023. In addition to the initiatives of the people and culture strategic pillar, which have allowed significant advances in the promotion of an organizational culture that has the diversity of its team as a strategic lever, the new novobanco campus, to be inaugurated in 2024, was developed with strict well-being criteria for our people. The financial well-being of the communities we serve has remained a priority area of action, not only through an inclusive financial offer that guarantees a fair value exchange with the customer, but also through financial support and volunteering initiatives for social causes in the community.

Luísa Soares da Silva
Chief Legal, Compliance & Sustainability Officer

1.2 Highlights

2023 was both a year of continuity and reinforcement of the measures and programmes already underway, and a year of transformation:

- Continued focus on developing the ESG risk management framework, strengthening of the product and service offering to support client transition and implementing measures to minimise the footprint of our own operations;
- Designing and launching the bank's strategic cultural transformation programme, rewriting novobanco's mission and values, reviewing ESG strategic priorities and strengthening the bank's transition plan.

Main highlights in 2023

1 CUSTOMER-CENTRIC BANK

€369m investment in green projects, an yoy increase of +7%.

Significant improvement in the customer recommendation index, with an increase of 17 points in the NPS (Net Promoter Score) vs. 2022.

€500,000 investment in the community, including support for projects aimed at the integration and empowerment of young people and adults.

Reinforcement of the offer of investment products with ESG considerations or objectives (Art. 8 or 9, SFDR): **€814M** invested by clients in December 2023.

2 SIMPLE AND EFFICIENT OPERATIONS EFICIENTES

The footprint of novobanco's own operations continues to shrink: -3% vs. 2022, with a cumulative reduction of 37% vs. 2021.

4.4 tons of PVC saved by issuing bank cards made of recycled PVC and sending **1.7 tonnes of bank cards for recycling.**

Increase in the share of electric or hybrid vehicles in the car fleet to 25% (+22 p.p. vs. 2022).

Integration of sustainability assessment into the supplier selection process: **76% of suppliers with sustainability assessment.**

3 DEVELOPING PEOPLE AND CULTURE

Maintenance of a policy of open-ended employment contracts, with **96% of employees on permanent contracts.**

0.3 p.p. reduction in gender pay gap vs. 2022, to 5.4%.

€828,4 thousand in social benefits for active and retired employees.

Reinforcement of 5+ programme to promote staff health and wellbeing, involving 1,870 employees in more than 50 initiatives in 2023.

4 DEVELOPING SUSTAINABLE PERFORMANCE

Increase in the proportion of women in management positions to **39%**, a **2 p.p. increase vs. 2022**.

Management team focus on ESG issues: we held 11 ESG steering meetings and completed 43 strategic initiatives under the ESG programme.

21,000 hours of ESG training delivered to all employees in 2023.

Increased inclusion of ESG criteria in the performance assessment model for the management team and the various departments.

+7% green Investment

+17pts NPS of Retail clients*

-3% GHG Emissions scope 1 & 2

76% suppliers with Sustainability score

39% women in management positions

21 th hours ESG training

*Source: BASEF Banca 2023 / Marktest. Period from September to December 2023 versus September to December 2022 109 Report and Accounts 2023 | novobanco

1.3 Our ESG journey

2020

Distribution of ESG/ ECO structured products, promoting investment with environmental and social concerns.

Inauguration of the 1st "new distribution model" branch, remodeled taking into account social and environmental concerns.

Launch of the ESG Program with multidisciplinary workgroups, redesigning the bank's ESG strategy.

ECO Residential Mortgage offer, with preferential conditions to high energy efficiency homes.

Association of the support to social, cultural and environmental causes to the bundle account offer

2021

Commitment to reducing greenhouse gas emissions in own operations by 50% by 2030 and achieving up to 100% of electricity consumption from renewable sources by 2024.

Establishment of Sustainability Steering to accelerate implementation of priority ESG initiatives.

Disclosure of targets for the promotion of gender equality in senior management positions.

Publication of Sustainability Policy.

Launch of Car Loans with bonus on the acquisition of hybrid/ electric vehicles.

2022

Creation of ESG Office and reinforcement of governance of ESG topics and environmental and climate risks.

Reinforcement of Exclusions and Safeguards Principles in the financing of industry sectors and projects with negative environmental and social impact.

Launch of 2022 Sustainability Credit Line to support companies in the transition to a more sustainable and low-carbon economy.

Launch of questionnaire on sustainability preferences to assess and incorporate customer preferences into their investment portfolio.

Reformulation of sustainability scoring for suppliers.

Organisation of ESG Talks, a cycle of conferences dedicated to ESG issues.

Participation in the climate stress tests carried out by the European Central Bank.

2023

Setting the first financed emissions (scope 3) reduction targets for three industry sectors (Power Generation, Cement Manufacturing and Commercial Mortgages), a key element of the Bank's transition plan.

Strengthening of multi-annual green investment targets, more than tripling the annual commitment

Revision of the ESG strategic priorities based on the double materiality matrix resulting from stakeholder consultation.

Strengthening of ESG risk assessment, monitoring and information gathering processes at client, transaction and collateral's level.

Publication of the first Task Force on Climate-Related Financial Disclosures (TCFD) Report .

Organisation of second edition of the ESG Talks, a cycle of conferences dedicated to ESG issues.

Organisation of Sustainability Programme for SMEs' cycle of conferences, podcasts and webinars to promote ESG literacy in SMEs.

Strengthening of Green Financing/Investment Classification Policy.

Launch of new Sustainability page on the novobanco website, improving communication tools with stakeholders.

2024 will be a year of continuity and consolidation of the various initiatives already underway, leading to an increasing integration of ESG factors into the Bank's way of doing business.

Hence, with regard to climate and environmental risks, we plan to i) obtain validation from the Science-Based Targets initiative (SBTi) for the financed GHG emission reduction commitments we have submitted; ii) expand the definition of financed emission reduction targets to new sectors with significant transition challenges; iii) strengthen the methodologies and broaden the integration and application of ESG risk criteria in customers' credit risk assessment; iv) expand the range of products and services offered to better address the different transition challenges faced by corporate and individual clients.

With regard to novobanco's social impact on the communities it serves, we plan to: i) conclude the implementation of the cultural transformation programme launched in 2023; ii) inaugurate the new campus for the Group's central services, following best practices in terms of employee well-being and the building's energy efficiency; iii) strengthen initiatives to promote inclusion, diversity and gender equality in the workforce, and iv) strengthen initiatives to empower companies and individuals through financial, digital or sustainability literacy programmes.

2 SUSTAINABILITY STRATEGY

novobanco's mission is to be the trusted banking partner that supports families and companies throughout their lifetime. Given the emphasis placed on the customer and society, relying solely on a financial perspective to identify the most material topics for the bank would be insufficient for novobanco.

Aware of the role it plays in the fight against climate change, novobanco has taken steps towards the adoption of a structured, ambitious and effective approach to the environmental, social and governance challenges of the transition to a sustainable and low-carbon economy and the development of an inclusive and fair society.

novobanco's current strategy integrates its ambitions in all these dimensions, and therefore its ESG vision permeates all the pillars of the bank's business model, namely: (i) its relationship with clients and society, in the context of supporting the transition and promoting socio-economic development; (ii) on the environmental and social efficiency of its own operations; (iii) on its practices concerning the development, inclusion and promotion of the wellbeing of all its employees; and (iv) in a sustainability strategy that fosters an effective governance model and the proper economic integration of all risks, including climate and environmental risks.

2.1 Stakeholders Engagement

To build and maintain a constant relationship with stakeholders and integrate their concerns andexpectations, the bank offers a wide range of communication channels.

Defining novobanco Group business strategy is intrinsically linked to a collaborative and proactive approach with all its stakeholders, with a special focus on the seven main ones: customers, employees, regulators, investors, suppliers, media, and the community. The group also regularly assesses the materiality of ESG themes.

2

EMPLOYEES

Request for in-person feedback via questionnaires and meetings;

Intranet (Somos novobanco, Yammer and Human Resources Portal);

Thematics Mailboxes Email (including CEO Office and "Ask the Chairman" address");

HCD manager for active and retired employees;

Human Resources Business Partner;

Executive leadership visits to the commercial network;

Whistleblower line;

Workshops and Lectures;

Annual Meeting and other thematic meetings, workshops, clarification sessions and webinars;

Workers Committee, Union Secretariat and Information and Consultation Procedure.

CLIENTS

Request by phone, online and in person;

Formal system for filing complaints;
Branch Network, Corporate Centres and Regional Divisions;

Social networks (novobanco Cultura, novobanco;

Facebook and Linkedin);

Events, such as novobanco Summit.

REGULATORS

Provision of mandatory and voluntary information;

Request for feedback by phone, online and in person;

Investor Relations team;

Regular meetings with investors;

Quarterly results presentation, Investors website.

SUPPLIERS

Contacts established through a specific website (Grupo novobanco Supplier Portal), coordinating the exchange of information via e-mail, telephone and in person.

MEDIA

Information provided in-person, by phone and online;

Press conferences;

Quarterly results presentation;

Sharing of specialized knowledge through social networks and media (radio, newspapers, televisions).

COMMUNITY

Continuous in-person, telephone and online dialogue with Associations, Private Social Solidarity Institutions, social and environmental NGOs;

Corporate Social Responsibility Initiatives;

Participation in conferences;

Social networks (novobanco Cultura, novobanco Facebook and Linkedin).

2.2 Materiality Analysis and ESG Approach

In 2023, novobanco updated its materiality matrix, with the aim of bringing it closer to the concept of dual materiality to come into force in fiscal year 2024 resulting from the new obligations of the Corporate Sustainability Reporting Directive.

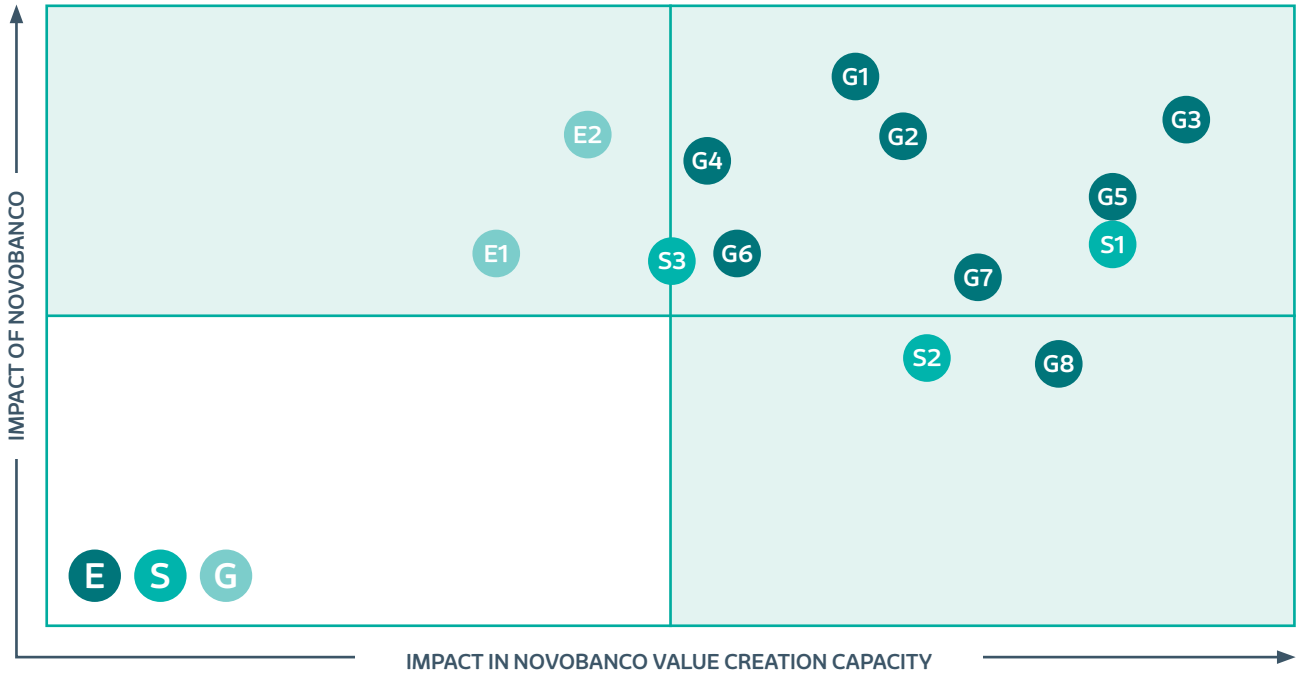
Given that the business strategy of the novobanco Group is inextricably linked to a collaborative and proactive approach to all its stakeholders, an extensive stakeholder consultation exercise was carried out for the new materiality analysis.

To this end, relevant stakeholders for novobanco were considered as all the groups or individuals that the Group affects through its activities, products and services and that, in turn, may also affect the Group's ability to achieve its objectives.

The identification and prioritisation of issues and impacts on the organisation was based on a process that included trend analysis and consultation with the stakeholder groups identified through questionnaires and discussion workshops.

Based on this process, 13 issues of greater relevance to novobanco were identified from a double materiality perspective, which we have aggregated into three typologies: Environmental (E), Social (S) and Governance (G).

2023 Materiality Matrix



- G1 Cybersecurity, privacy and information protection
- G2 Ethics, conduct, transparency and compliance
- G3 Anti-corruption, bribery and money laundering
- G4 Corporate Governance
- G5 Risk management (including ESG)
- G6 Customer satisfaction and experience
- G7 Economic performance
- G8 Innovation, research and technology
- S1 Human Capital
- S2 Diversity, equity and inclusion
- S3 Respect for human rights
- E1 Sustainable products and services
- E2 Sustainable finance and investing

In light of this analysis and the identification of the most material issues for novobanco, an additional weighting was considered for the selection of Sustainable Development Goals (SDGs) that the bank should adopt as priorities in order to define its operating strategy, as per the analysis presented.

Cross-referencing of the 2023 Materiality Matrix and the SDGs

	4 QUALITY EDUCATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
G1 Cybersecurity, privacy and info protection						◔
G2 Ethics, conduct, transparency and compliance			◔	◔		◕
G3 Anti-corruption, bribery and money laundering				◔		◕
G4 Corporate Governance			◔			◕
G5 Risk management (including ESG)					◕	
G6 Customer satisfaction & experience			◔			
G7 Economic performance	◔	◔	●			
G8 Innovation, research and technology		◔	◔			
S1 Human Capital	◕		◕			
S2 Diversity, equity and inclusion	◕			●		◕
S3 Respect for human rights						●
E1 Sustainable products and services		◔	◕		◔	
E2 Sustainable finance and investing		◔	◕		◕	

◔ ◕ ◕ ● SDG targets relevance

novobanco cross-referenced its priority material issues with each of the SDG's targets, to identify the relative relevance of each SDG to be bank. This analysis allowed novobanco to check, within each SDG, what specific target were linked to its priority issues (for instance – how the "Diversity, Equity and Inclusion" key topic related with targets within Quality Education, Economic Growth and Stronger Institutions).

Most relevant targets in SDGs

4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.3 Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	4.4 Substantially increase the number (...) who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.	7.3 By 2030, double the global rate of improvement in energy efficiency.	
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full & productive employment and decent work for all	8.2 (...) higher economic productivity through diversification, technological upgrading and innovation (...)	8.5 achieve full (...) employment and decent work for all women and men, (...) and equal pay (...)	8.0 (...) encourage and expand access to banking, insurance and financial services for all.
10 REDUCED INEQUALITIES	Reduce Inequality within and among countries	10.2 (...) promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations	
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	13.1 Strengthen resilience and adaptive capacity to climate -related hazards and natural disasters in all countries.	13.2 Integrate climate change measures into national policies, strategies and planning.	
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.4 reduce illicit financial and arms flows, (...) recovery of stolen assets and combat all forms of organized crime.	16.5 Substantially reduce corruption and bribery in all their forms.	16.6 Develop effective, accountable and transparent institutions at all levels.

2.3 Our Strategic Pillars

novobanco's strategic approach is based on four pillars that underpin its competitive positioning. As part of the new materiality analysis, the integration between the bank's strategy and its actions at the environmental, social and governance levels was reinforced.

Each of the bank's strategic pillars is aligned with its ESG vision and priority SDGs;

- To elevate the bank's customer-centric approach through differentiated value propositions, leveraging a digital and omnichannel approach and reinforcing its role in supporting its customers' energy transition needs;
- To provide simple and efficient operations that enhance the banking experience and ensure a more sustainable environmental and social footprint;
- To develop people and culture, attracting and actively nurturing a team of skilled professionals who stand as a reference for our bank's core values, including its goals of inclusion, diversity and enhancement of the wellbeing of all employees.
- To ensure sustainable performance in terms of risk management and deeper integration of ESG components, including climate and environmental risk, into the business.

STRATEGIC PILLARS

CUSTOMER-CENTRIC BANK

Support our clients transition and maximize positive impact on society and environment

• To develop an energy transition-linked business strategy in the Corporate and Retail segments, namely by enhancing green investment policies and targets, as well as products and services.

• To implement and monitor plans to reduce scope 3 financed GHG emissions through sector-specific targets to reduce emissions intensity, in line with the Paris Agreement targets.

• To continue to develop the ESG offering in the investment and financial advisory strategy for clients.

To promote stakeholder engagement and the Bank's corporate social responsibility strategy.

SIMPLE AND EFFICIENT OPERATIONS

Improve efficiency, enable own transition, ensure systems readiness for ESG

• To improve the environmental efficiency of novobanco's operations.

• To reduce scope 1 and 2 own emissions (and scope 3, excluding financed emissions, whose objectives are set under the "Customer-centric bank" pillar).

• To strengthen suppliers' ESG performance.

• To adapt IT and information management systems to ESG requirements.

DEVELOPMENT OF PEOPLE AND CULTURE

Strengthen capabilities, inclusiveness, diversity and the engagement of our people

• To promote diversity and a culture of inclusiveness among novobanco's employees.

• To reinforce employee learning and development actions.

• To promote initiatives to reinforce employee culture, engagement and wellbeing

DEVELOPING SUSTAINABLE PERFORMANCE

Build a robust ESG governance & risk management framework

• To implement the bank's future ESG management operating model, building a robust governance model

• To continue to implement the ESG risk management structure, namely in climate and environmental risk management, and its application to critical processes such as credit and customer onboarding

2.4 Risks and Opportunities

S Short-term M Medium-term L Long term

To ensure the robustness of the current strategy, an analysis was carried out of the main risks and opportunities associated with climate and environmental risks, in the field of physical and transition risks.

This permitted to identify mitigation measures, which are integrated into the bank's priority and strategic objectives and action plans, as referenced below.

FIELD	NATURE	RISKS FOR NOVOBANCO	MITIGATION MEASURES
PHYSICAL	Acute typology S M L	Business disruption for clients and counterparties due to damage to production assets or limitations in the value chain. Potential devaluation of collaterals on loans granted by the Bank. Possible costs arising from damage to the Bank's physical assets, including business disruption. Possible increased absenteeism among the Bank's employees.	To reinforce methodologies for assessing physical risks, managing covenants and financing conditions. To reinforce novobanco's business continuity and operational contingency plan. Pillar 2 - Simple and efficient operations. Pillar 4 – Achieving sustainable performance.
	Chronic typology S M L	Decrease in productivity and/or increase in operational and production costs in exposed sectors, impacting the financial performance of customers and counterparties or projects financed by the Bank.	To ensure the regular collection of information from companies and counterparties to calculate climate and environmental risks. To integrate climate and environmental risk assessment into lending and pricing decision processes. Pillar 4 – Achieving sustainable performance.
TRANSITION	Policies and legal framework S M L	Changes to the governance and organisational model to ensure a dedicated monitoring of ESG issues. Increased interaction with companies and counterparties, for a better insight into their transition and business adjustment challenges. Development of products and services with structuring conditions and rationale aligned with our customers' transition needs.	To reinforce novobanco's governance model to ensure monitoring of ESG issues. To ensure the regular collection of information from companies and counterparties to calculate climate and environmental risks. To reinforce novobanco's portfolio of products and services to support the transition needs of its customers. Pillar 1 – Customer-centric bank. Pillar 4 – Achieving sustainable performance.
	Technology S M L	Inability of the Bank's corporate clients and counterparties to adapt, due to limited investment capacity or restricted access to financing. Unavailability of the most suitable technologies (at a reasonable cost) required to meet the new standards of business operations. Business transformation and conversion costs, with an impact on the financial performance of customers and counterparties.	To ensure the regular collection of information from companies and counterparties in order to understand their challenges and prepare the most suitable commercial offer. To develop partnerships with organisations in order to enhance the bank's range of solutions to support its customers. Pillar 1 – Customer-centric bank. Pillar 4 – Achieving sustainable performance.
	Market S M L	Changes in supply and demand for ESG-oriented banking products and services, with an impact on the Bank's commercial competitiveness. General increase in market prices of technology and production factors with an impact on the competitiveness and financial performance of companies. Limitations on the growth of companies and sectors exhibiting greater misalignment with efficiency and decarbonisation standards, resulting in reduced demand for their goods and services.	To ensure the regular collection of information from companies and counterparties in order to understand their challenges and prepare the most suitable commercial offer. To develop partnerships with organisations in order to enhance the bank's range of solutions to support its customers. To develop plans to ensure the bank's response to climate risks, particularly when it comes to reducing financed GHG emissions. Pillar 1 – Customer-centric bank. Pillar 4 - Achieving sustainable performance.
	Reputational S M L	Risk of failing to meet stakeholders' expectations regarding the Bank's performance on critical climate change issues. Constraints on investors' and stakeholders' perception of the Bank's brand image. The Bank's involvement in instances of non-compliance with new ESG requirements, with an impact on its image and reputation. Association of the Bank with clients, counterparties, suppliers and other third parties with sensitive ESG profiles.	To ensure a rigorous methodology and robust monitoring of financed GHG emission mitigation plans. To ensure rigour in communication with the market. To implement controls against potential ESG risks in the selection and monitoring of suppliers. To ensure the inclusion of reputational risk analysis in ESG risk assessments. Pillar 1 - Customer-centric bank. Pillar 4 - Achieving sustainable performance.
	Economic wellbeing and Social rights M L	Risk of some economic sectors losing competitiveness as a result of the transition. Risk of employee skills becoming inadequate as a result of transition changes. Risk of loss of social rights associated with the deterioration of the competitiveness of certain economic sectors or regions.	To develop solutions and products to support the transition of the economic sectors with the greatest impact. To ensure recurrent risk analysis by economic sector to identify and proactively manage exposures in the sectors with the greatest impact. To provide in-house training on ESG issues and support the retraining of employees impacted by the transition. To ensure the inclusion of reputational and social risk analysis in ESG risk assessments. Pillar 1 - Customer-centric bank Pillar 3 – Developing people and culture Pillar 4 - Achieving sustainable performance

In addition to climate and environmental risks, social and governance risks were also analysed:

Financial inclusion and wellbeing:

- Increased risk of default in case of reduction of the purchasing power of the communities served, and consequently of clients' purchasing power.
  - Promoting financial inclusion and literacy initiatives, as well as providing products and services tailored to diverse customer needs, makes it possible to contribute to economic and social progress and thereby to mitigate the risk of loss of profitability.

- Risk of inability to meet employee needs in terms of i) flexible working models, ii) value proposition for employees, iii) culture of diversity and inclusion, including gender equality issues.
  - Loss of talent and reduced levels of employee engagement, thus increasing the risk of lower productivity and business profitability, the difficulty of defining succession plans and spreading knowledge and expertise, as well as reducing the ability to attract new business and new clients.

- Increased reputational and operational risk due to non-compliance with international principles and agreements on human and labour rights throughout the value chain, comprising clients, suppliers or other bank partners.
  - The definition and implementation of models to analyse, assess and monitor the social risks and the performance of clients and suppliers makes it possible to mitigate these risks and their impact on novobanco's reputation and activity.

Good governance and responsible management

- The ability to seamlessly adapt the business to an ever-changing market and competitive environment is only possible with a robust governance model capable of incorporating long-term objectives, resolving conflicts of interest, ensuring data security and adequately managing the risks of corruption, bribery, money laundering and terrorist financing.

The incorporation of environmental, climate and ESG issues into the Bank's strategy creates a number of opportunities that novobanco is intent on exploiting, in line with our Shaping the Future strategy:

Brand and Reputation: Strengthening novobanco's position alongside companies (Pillar 1)

S M L

- Strengthening our position as "Bank for businesses" by accompanying, challenging and supporting corporate clients in their energy transition and reinforcing our relationship as a partner of these clients.
- Setting the bank apart from its competitors through the quality, rigour and innovation of its approach to ESG.

Commercial offer: Offering the best solutions for companies (Pillar 1)

S M L

- Development of financial products and services to support the transition - structured finance catering to the needs of clients and meeting robust technical criteria.
- Implementation of external partnerships to strengthen the offer and deliver a comprehensive solution to our clients.

Commercial positioning: Communicating and interacting with the clients (Pillar 1)

S M L

- Promoting information and awareness actions among customers - conferences, events.
- Adapting the engagement models - from large to small companies.
- Establishing partnerships and programmes with business and sector partners, reinforcing proximity to corporate clients.

Investment offer: Reinforcing the investment offer (Pillar 1)

C M L

- Adoption of investment policies that integrate climate risk management considerations.
- Implementation of ESG classification matrix for transactions.
- Establishment of controls and procedures aligned with regulatory requirements in the design and provision of sustainable investment products.

Efficiency of operations: Improving the sustainability and efficiency of operations (Pillars 2 and 3)

C M L

- Moving to new, energy-efficient premises (novobanco campus).
- Strengthening resource-use efficiency (in the use of paper, water, electricity, other consumables).
- Promoting the efficiency of business travel to reduce energy costs.
- Improving the carbon footprint of novobanco's employees through green solutions in terms of transport and services on novobanco's premises, and increasing the green fleet integration.

Resilience: Promoting the resilience of our processes and people (Pillars 2, 3 and 4)

C M L

- Implementing assessment and acceptance models for suppliers and other third parties.
- Developing new routines and information reports to monitor climate risk.
- Training our employees to foster a mature management of climate risks.
- Strengthening staff involvement and commitment to the energy transition path through in-house initiatives to spread novobanco's commitments and raise environmental awareness.

2.5 novobanco's Path towards Transition

novobanco wants to play an active role in supporting the energy transition of the Portuguese economy and society. The bank has therefore undertaken an extensive exercise to define greenhouse gas emission reduction targets that are compatible with the Paris Agreement.

The bank thus commits to aligning its financing and investment portfolio for a reduction of the resulting carbon footprint, developing a business strategy aimed at enabling effective credit and investment orientation to achieve the objectives to which we have committed ourselves. Key actions will focus in particular on the most GHG-intensive sectors to which the bank has the largest credit exposure, and to this end we intend to:

- Strengthen dialogue with clients, particularly in the most affected sectors, and increase collection of ESG data (e.g. GHG emissions from their operations, Energy Performance Certificates (EPCs) for collateral, Transition Plans, decarbonisation commitments);
- Promote green finance by increasing the range of products and external partnerships that can help our clients achieve energy transition;
- Develop differentiated pricing models;
- Continue to develop monitoring tools to enable effective portfolio orientation;
- Continue to promote ESG literacy within the Portuguese business community.

In October 2019, novobanco signed the SBTi - Business Ambition for 1.5ºC commitment to limit the global temperature increase to 1.5ºC above pre-industrial levels. With this commitment, novobanco submitted its objectives in a transition/decarbonisation plan for its portfolio, which is currently being validated by SBTi.

The following sectoral commitments, applicable to exposures to large corporates and to medium and long-term financing or investments, stand out:

- Electricity generation:
novobanco commits to reducing GHG emissions of the electricity generation sector in its corporate financing and investment portfolio by 74% per KWh until 2030, compared to the baseline year of 2021.

The scope considered was the Long and Medium-Term exposure to Large companies in 2021 with CAE codes (classification of economic activity) related to electricity generation: 35111, 35112, 35113.

- Cement Manufacturing
novobanco commits to reducing GHG emissions of the cement sector in its corporate financing and investment portfolio by 23% per ton of cement until 2030, compared to the baseline year of 2021.
The scope considered was the Long and Medium-Term exposure to Large companies in 2021 with CAE code 23510, related to electricity generation.

- Commercial Mortgages
novobanco commits to reducing GHG emissions of the commercial mortgages sector in its corporate financing and investment portfolio by 68% per sqm until 2030, compared to the baseline year of 2021.

For this analysis the bank reviewed real estate collaterals for financing and real estate investments where the property is used for commercial purposes, such as retail, hotels, offices, industrial purposes or large rental properties, where the building owner or investor sells or rents the property to tenants for income.

GHG EMISSIONS SCOPE	METRIC / METHODOLOGY	TARGET 2030
Power Generation (Loan tape, Project Finance, Own portfolio)	**Relative reduction** (SBTi1.5, PCAF, Energy SDA)	**-74%** **$tonCO_2eq/MWh$**
Cement (Loan tape, Own portfolio)	**Relative reduction** (SBTi1.5, PCAF, Cement SDA)	**-23%** **$tonCO_2eq/ton\ cimento$**
CRE (Loan tape)	**Relative reduction** (SBTi1.5, PCAF, RE SDA)	**-68%** **$tonCO_2eq/m^2$**

2.6 novobanco's Commitments

Based on this integrated vision of the ESG policy and the pillars for strategic action, novobanco proposes to review its current commitments and set new targets for its environmental, social and governance performance for 2026 and 2030.

Customer-centric bank

Under this pillar, novobanco intends to continue strengthening the centrality of the customer in its operations. To this end, the bank has set itself two objectives: to increase its green investment ambitions from a three-year target of €600 million, which has already been more than achieved, to a total green investment commitment of €2,000 million by 2026. In terms of its offer of investment products, novobanco also commits to integrate more than 60% of products with ESG characteristics, in accordance with Articles 8 or 9 of the SFDR.

Simple and efficient operations

Under this pillar, novobanco commits to ensuring the simplicity and efficiency of its operations. In terms of the environment, this means increasing the target for reducing its own emissions (scope 1 and 2) from 28% by 2024 to 50% by 2030, compared to the same baseline year of 2021. To achieve this, the bank also commits to ensuring that by 2026 all electricity used in its premises comes from renewable sources.

Development of people and culture

novobanco wants to ensure the development of its most important asset, its people, by guaranteeing a robust and inclusive organisational culture. To this end, the bank is committed to continuing the planned reduction of the gender pay gap by function (equal pay indicator), bringing it to below 5% by 2026. In terms of employee engagement, novobanco aims to achieve a positive response rate of at least 65%.

Developing sustainable performance

novobanco aims to achieve sustainable performance for all its stakeholders. To this end, the bank is committed to reducing the intensity of greenhouse gas emissions in its main climate-impacting activities, in line with the objectives of the Paris Agreement. It also intends to ensure the representation of women in management positions within the Bank, with the aim of achieving 40% female representation in management positions by 2026.

novobanco commitments

1 CUSTOMER-CENTRIC BANK

Green production

Target 2026
2.000 MEUR by 2026

Target 2024
200 MEUR p/a até 2024
369

Produtos de investimento com características ESG

Target 2026
60% of invest. products[3]

Target 2024
60%
63%

2 SIMPLE AND EFFICIENT OPERATIONS

Own emissions (Scopes 1 and 2)

Target 2030
-50% vs 2021

Target 2024
-28% vs 2021
-36%

Renewables share

Target 2026
100%[4]

NEW

3 DEVELOPING PEOPLE AND CULTURE

Equal pay[1]

Target 2026
Below 5%

Target 2024
Below 5%
5,3%

Employee engagement

Target 2026
At least 65%

Target 2024
65%
57%

4 DEVELOPING SUSTAINABLE PERFORMANCE

GHG emissions reduction targets

Target 2030
100% Target by sector[2]

NEW

Women in management[5]

Target 2026
At least 40%

NEW

Current target achieved xx% Performance in 2023

1) Equal pay gap calculated per function.
2) Power generation; Cement; CRE.
3) % of investment products (investment funds, financial insurances, structured notes or deposits) with ESG characteristics/ concerns – Art.8 and 9.
4) Net renewables share of 100% by 2026 (Azores, Madeira, Group facilities and branches with no direct contract need to be addressed).
5) Previously Sr Leadership .

2.7 Our Performance

In the past, novobanco presented a social dividend plan based on 15 indicators, for which it set targets until 2024.

In 2023, as a result of the review of its strategic priorities, the bank revised and redefined new indicators and targets for 2026 and 2030, focusing its attention on 8 indicators that it considers to be the key indicators for monitoring progress in the strategic areas. However, novobanco intends to continue to ensure visibility for its performance in all 15 indicators for which targets for 2024 were set.

The table below shows the Bank's results for these indicators at the end of 2023, with the indicators aligned with the priority SDGs, and the strategic alignment resulting from the new double materiality exercise carried out this year.

Regarding 2023, we highlight the following facts: (i) the Bank has already exceeded the green investment target of €600 million set for 2024 (€713 million at the end of 2023); (ii) significant improvement in the NPS indicator compared to 2021 - 17 pts at year-end (annual average 3.8 pts, as per the dividend); and (iii) the bank has already exceeded the target for reducing its own emissions compared to 2021 (-36% compared to an initially planned reduction target of -28% by 2024).

1 CUSTOMER-CENTRIC BANK

Support our clients transition and maximize positive impact on society and environment

Results	Target	
€713M	€600M	of Green investment vs 2021[1]
63%	60%	of investment products with ESG characteristics[2]
3,8	10	in client NPS indicator vs 2021[3]
3	4	partners. to promote people with disabilities employment[4]

2 SIMPLE AND EFFICIENT OPERATIONS

Improve efficiency, enable own transition, ensure systems readiness for ESG

Results	Target	
-36%	-28%	of tCO_2 emissions from own operations vs 2020[5]
+11%	-30%	of tonnes of paper consumption vs 2021[6]
76%	90%	of suppliers with sustainability score[7]

3 DEVELOPING PEOPLE AND CULTURE

Strengthen capabilities, inclusiveness, diversity and the engagement of our people

Results	Target	
5,3%	5,0%	in gender pay gap[8]
47%	40%	employees benefitting from social well being program[9]
57%	65%	in employee engagement level vs 2021[10]
+792	9.594	growth in hours of employ. voluntary service vs 2021[11]
-5%	+3%	Employ. with psychosocial risk assessment as healthy[12]

4 DEVELOPING SUSTAINABLE PERFORMANCE

Build a robust ESG governance & risk management framework

Results	Target	
27,3%	30%	of women in senior leadership positions[13]
94.403	96.861	ESG training hours to employees
€0M	€0M	of financing to excluded sectors[14]

1. Origination of own portfolio financing of or investment in companies primarily engaged in activities eligible to the European Taxonomy, and origination of own portfolio financing or investment where the funds used by the borrower or projects are directed towards economic activities eligible to the European Taxonomy or at investments in energy transition or the transition of the company's business model towards green activities; 2. Mutual Funds, Financial Insurance and Structured Products; 3. Net Promoter Score calculated for Individual Clients - BASEF; 4. Number of organisations with active partnerships with the Bank; 5. Scope 1 and 2 Greenhouse Gas Emissions; 6. Reduction of photocopy paper consumption through the implementation of the Phygital programme in the commercial network (started in 2019) and the dematerialisation of processes in the central services; 7. Suppliers with a continuous relationship with novobanco and annual turnover of over 10 thousand euros; 8. Gender pay gap weighted by the representativeness of each Function (equal pay); 9. Percentage of employees who attended at least 2 programme initiatives to promote a balance between personal and professional life, mental and physical health, a healthy style, etc per year.; 10. Assessment of the level of employee involvement through the Pulse survey (average % of employee involvement); 11. Promotion of voluntary service actions in strategic areas of social impact of the Bank. Each employee is entitled to 1 day's leave per year for voluntary work; 12. Annual psychosocial risk assessment study of novobanco's employee base; 13. First-line senior leadership and Executive Board of Directors; 14. Economic sectors not financed by novobanco: Arms, Prostitution, Pornography, Coal (mining and energy production) and Trade in wildlife and endangered species.

2.8 Our Partners

SIGNATORY

Corporate citizenship initiative which had its origin, in 2000, in a proposal by the then UN Secretary-General, Kofi Annan. It is based on ten fundamental Principles, in the areas of human rights, labour practices, environmental protection and anti-corruption, and aims to promote businesses' public and voluntary commitment to endorse these principles.

MEMBERS

Non-profit association that brings together and represents more than 90 leading companies in Portugal, which are actively committed to the transition to sustainability.

Organisations for Equality Forum, created in 2013, comprises 69 organisations committed to reinforcing and highlighting their organisational culture of social responsibility, incorporating, in their strategies and management models, the principles of equality between women and men at work.

Global Compact accelerator programme, which supports companies in setting ambitious targets for women's representation and leadership in senior management.

The Inclusive Community Forum (ICF) is a Nova SBE initiative dedicated to the lives of people with disabilities and the promotion of a more inclusive community.

Non-profit business association, which works in the areas of Social Responsibility and Sustainability. It is part of the European network of CSR Europe, a leader in sustainability and corporate responsibility, supporting industrial sectors and companies at a global level in the transformation and search for solutions for sustainable growth.

ASSOCIATE

Main entity representing the Portuguese banking sector, it was created in 1984 to strengthen the financial system and contribute to the development of a more solid banking sector.

Portuguese Association of Investment a Pension Funds and Asset Management Firms, which represents the interests of Mutual Funds management, Real Estate Funds management, Pension Funds Management and Asset Management, viewing a more efficient defence of these activities.

The Portuguese Quality Association is a non-profit organisation, founded in 1969, that aims to promote and disseminate theoretical and practical knowledge in the field of Quality and Excellence in Portugal.

National Customer Satisfaction Index is a system for measuring the quality of goods and services available in the national market, through customer satisfaction surveys.

Association that promotes a corporate culture that places the mental health of employees as a strategic priority for companies in Portugal, through raising awareness and training their leaders.

SUBSCRIBER

Document presented by the United Nations Global Compact, which has as its main objective to achieve the transition to a low-carbon economy and to avoid the overheating of the atmosphere.

Letter of Commitment to Sustainable Finance in Portugal, which aims to contribute to the promotion of sustainable investment practices.

3 CUSTOMER AND SOCIETY CENTRIC BANK

novobanco's day-to-day activities are focused on responding in an exemplary manner to the needs of its customers at all moments of their lives, and this purpose is the first pillar of its strategy.

novobanco is aware that financial institutions play a key role when addressing their customers' needs on a daily basis. And because customers are not all the same, the Bank takes a differentiated approach that aims to deliver the best experience and the most appropriate products and services to each of them, thus reinforcing the trust they have placed in the Bank. In the current context, three issues deserved particular attention from novobanco in 2023: i) supporting customers in their transition to a low-carbon economy; ii) supporting customers with high levels of debt; and iii) providing savings solutions for all types of budgets.

In addition to its role with its customers, novobanco also actively contributes to the development of the community in which it operates, through its own investments or through partnerships with social economy or environmental organisations.

"Being aware of the environmental and social impacts of our financial products and services is one of our commitments. That´s why we evaluate the business opportunities in line with client´s expectations"

3.1 Supporting our Corporate Clients' ESG Transition and Journey

With the firm resolve of contributing to the promotion of sustainable investment practices in the country and accelerating the transition to a carbon-neutral economy by 2050, novobanco Group offers its clients sustainable financial solutions that comply with ESG policies and principles, and its products not only follow environmental criteria, supporting clients in their transition to acarbon-neutral economy, but also social and governance criteria.

3.1.1 Sustainability in our Offer for Corporate and Commercial clients

novobanco plays a leading role in supporting the Portuguese economy, with a large market share and a specialised sectoral and functional offer (for more information see chapter 3.3 of the Management Report).

Supporting its customers in their energy transition and sustainability journey is an integral part of this specialised sectoral and functional approach. To this end, novobanco has invested heavily in understanding and assessing the challenges of the climate and energy transition for Portuguese companies, in order to:

- Enhance and adjust the offer of products and services to the specific transition or conversion needs of each company; and
- Identify the potential impact of these challenges on each company's finances.

"Paying attention to climate change is no longer just a commitment. We act and reinforce our offer to be our client´s partner in a low carbon economy."

In this context, the Bank has bolstered its offer with environmental criteria aimed at the corporate segment.

SUSTAINABILITY LINE	DECARBONISATION AND THE CIRCULAR ECONOMY LINE	LINE FOR IMPROVING TOURISM OFFER
This line aims to support companies in their energy transition to a low-carbon economy and/or Taxonomy-eligible companies under Regulation (EU) 2020/852 of the European Parliament and of the Council.	This line aims to facilitate access to funding for the implementation of sustainable projects. Eligible investments include, among others: i) modern and efficient equipment; ii) investment in renewable energy sources for self-consumption in the production process or in circular strategies for any stage of the product/service life cycle; and iii) implementation of monitoring, control and action devices that optimise the conditions of use, energy consumption and raw material consumption.	Line promoted by Turismo de Portugal, this line aims to encourage investment in low-density regions, and its eligibility criteria are also aligned with ESG objectives, namely energy efficiency, water management and accessibility.
€26.7m	€3.2m	€746.2th
1.20% of the total offer		0.03% of the total offer

SME Advisory Services

novobanco also offers its corporate customers an advisory service to support them in the energy transition process. To this end, it has established ESG partnerships with a number of companies specialising in different areas, such as the diagnosis and calculation of carbon footprints, the definition of sustainability strategies, decarbonisation solutions, certification projects, among others.

"We stand with our clients in their transition to a more sustainable economy, wich is why we provide a range of financial products and services especially aimed at structuring and carrying out the necessary investments."

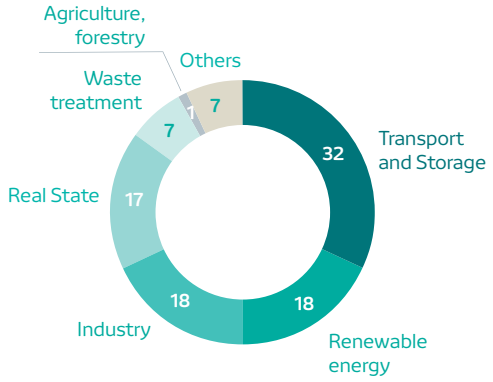
Green Investment

Cumulative green investment since 2021 reached €713m, surpassing the established target and thus proving right the strong bet made in this area.

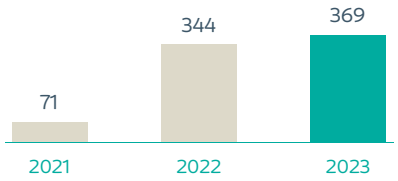
The concept of "Green Investment" is based on demanding criteria where the purpose of the financing or the activities involved are checked against the European Taxonomy. novobanco considers "Green Investment" (as defined in the Green Financing and Investment Classification Policy, available at www.novobanco.pt/sustainability/sustainable-business/our-approach - and presented in Chapter 6 of this report) as financing of or investment in companies or projects that:

- Operate in one or more of the eight sectors of activity (NACE codes for classification of economic activity) whose alignment with the European taxonomy is by default very high due to the characteristics of their main activity;
- Where the use of proceeds of the specific operation to be financed or invested in is aligned with the European Taxonomy objectives (Project Finance operations, Green or Sustainability Bonds/Loans,
- Commercial Paper and Sustainability-Linked Bonds/ Loans. Where the eligibility of the activity and the contribution of the financing to the client's energy transition in accordance with the Taxonomy criteria is checked;
- Financing of real estate with level A energy certificate or BREEAM excellent or LEED gold.

Production of Green Financing/Investment in 2023 by sector of activity
(%)



Green Investment
(M€)/year



Value for 2022 has been recalculated

Social Sector Financing Line

Within the framework of the social economy, novobanco, in partnership with Banco Português de Fomento, also offers a Social Sector Financing Line designed to support the funding needs of social economy entities - private social solidarity institutions or similar non-profit organisations - either as support to investment or to working capital.

Credit Recovery Strategy

In line with its culture, novobanco fosters and maintains a close relationship with its corporate clients, being a partner even in times of greatest difficulty and when the resolution of possible credit difficulties is necessary. Recovery solutions and strategies are based on several indicators, namely customer cooperation, financial viability, guarantees and sustainability of the solution to be proposed to the customer, always in strict compliance with the laws and regulations in force, based on high ethical standards, cordiality and rigorous analysis of the financial situation of the companies under management.

3.1.2 Business Community Awareness and Capacity Building

novobanco is an active agent in the ecosystem to which it belongs, where it puts a particular focus on reviving the economy and supporting the communities it serves. In this context, it annually organises and participates in various initiatives to promote sustainability, including sectoral and/or regional initiatives, in a joint search for solutions and strategy that improve social and financial wellbeing, responsible growth, job creation, people capacity-building and respect for the environment.

In 2023, in order to strengthen its position as a reference financial partner for Portuguese SMEs, as well as a promoter of economic, environmental and social sustainability, novobanco signed two protocols with the Nova School of Business and Economics (Nova SBE):

- **novobanco Chair in ESG** - a chair that will focus on research and training in the field of finance, with a strong emphasis on ESG issues, including research on the impact of sustainable investment on reducing pollution.
- **Founding member of the Voice Leadership Programme** - a programme that aims to modernise and make Portuguese SMEs more competitive by empowering their decision-makers. By 2026, this programme will equip managers and decision-makers from around 5,000 companies with management tools and routines to improve their competitiveness and future growth, combining innovative theoretical and practical management training with personalised mentoring.

This partnership underlines novobanco's commitment to addressing the challenges facing business, from sustainability and environmental responsibility to leadership and innovation.

Two other programmes in the area of sustainability also deserve a note:

1. **"Sustainability for SMEs",** a programme launched in 2023 in partnership with the Portuguese Chamber of Commerce and Industry (CCIP), which aims to raise awareness among companies about sustainability. With media partners TSF and Dinheiro Vivo, the programme began with the broadcast of 9 radio programmes interviewing experts on various sustainability topics, and two webinars to support the transformation of SMEs: "Sustainability for SMEs - what you really need to know" and "Learn about the benefits of sustainable finance".

WHAT YOU CAN LEARN ABOUT SUSTAINABILITY ON THE RADIO

1. Is ESG the same as sustainability?
2. What is energy transition in an SME and what support and funding is available?
3. Can sustainability change the way SMEs interact with banks?
4. What are the main challenges of new working models in SME management?
5. What is greenwashing?
6. Taxonomy! What does it mean? How can you help SMEs to redirect their investments?
7. How can sustainability be leveraged in the company's value chain?
8. What are the easiest ways to reduce your company's CO2 emissions?
9. 9elationship between large companies and SME suppliers

2. **Second edition of the ESG Talks**, a cycle of novobanco conferences dedicated to sustainability, held with the strategic partners Nova SBE and PwC Portugal and the media partners VISÃO and EXAME.

   This cycle consisted of four conferences that addressed the key issues in the ESG universe through presentations, reflections, panel discussions and other interventions. All the conferences were attended by renowned entrepreneurs, political decision-makers and academics.

ESG Talks 2023 Conference Themes

HOW DOES ESG AFFECT MY BUSINESS?	CLIMATE CHANGE, BUSINESS RISK AND SUSTAINABLE FINANCE	NEW WAYS OF ORGANISING WORK, EQUALITY AND INCLUSION	CORPORATE GOVERNANCE, SUSTAINABILITY AND GREENWASHING
The criteria used to assess the social, environmental and governance impact of companies and how these affect the business of SMEs.	The increased risk of climate change to companies' businesses and how this can be addressed through the options available for energy transition.	How to design an equality and inclusion strategy in companies, the challenges of the 4-day week and whether diversity is good for business.	The importance of a company's organisational structure having a robust governance for professional business management.

Photos: Marco Borga

Photos: José Carvalho

3.2 Sustainability for our Retail Clients

Recognising the need to accelerate efforts to achieve carbon neutrality by 2050, the Group aims to be close to its clients, by responding to their financing needs, by reinforcing its offer of green or transition financing, and by enabling them to invest with sustainability objectives, through the provision of investment products and services with ESG criteria.

FINANCING

NOVOBANCO ECO RESIDENTIAL MORTGAGE LOANS

Offer with an environmental bias that allows customers to benefit from a bonus on the spread when purchasing a property with an A+, A and B energy certification.

PERSONAL LOANS - HYBRID AND ELECTRIC VEHICLES

Car loans (new and used) for the purchase of green mobility vehicles (plug-in, electric hybrids and non-electric hybrids), with a 1% bonus under the Personal Credit Line pricing strategy.

Achieved in 2023:

€51.9m
359 Clients
1.1% of total mortgage loans production in the year

€3.4th
9.9% of total car loans production

RENEWABLE ENERGY LOANS

Offer with an environmental bias that allows customers to purchase any renewable energy generation product at a more attractive rate.

18.25 AND 26.31 CARBON NEUTRAL ACCOUNTS

We neutralise CO_2 emissions, even those resulting from usage by our clients of, among others, computers, ATM enquiries, and cards.

The neutralisation of these accounts is equivalent to:

- CO_2 emissions resulting from 2549 round-trip journeys by medium-sized car, from Lisbon to Porto.
- CO_2 emissions equivalent to the consumption of 683 barrels of oil;
- Enough gas to fill 59 hot air balloons;
- CO_2 emissions resulting from the average electricity consumption of 457 Portuguese families

The first fully carbon neutral bank account in Portugal - (e) mission neutral certified®. Adapted to the needs of young people and designed to have a lower environmental impact, these accounts have low carbon emissions because they are online and because their emissions are neutralised, according to the PAS 2050:2008 methodology, which analyses the life cycle of products and services. The emissions that cannot be avoided are neutralised through the support provided to Tamil Nadu, a project to install a photovoltaic solar farm to replace energy produced by coal-fired power stations. This project not only reduces carbon emissions, but also brings social and economic benefits to local communities, creating 285 jobs for people in villages near the solar farm.

167.6 thousand novobanco accounts – €256.5m
12% of total service accounts of individuals and small businesses with in novobanco

4.3 thousand accounts novobanco do Açores – €5.9m
16% % of total service accounts of individuals and small businesses with in novobanco dos Açores.

ESG Factors in the Investment Advisory Service

The advisory model offered by novobanco to its individual clients has been enriched with the new ESG and sustainability dimensions, based on the revised asset selection model, including, in addition to ESG risk analysis, an analysis of the investment exclusions or safeguards of each fund. These new attributes are therefore taken into account when researching the most appropriate financial products for each client, in order to meet the preferences expressed in the Sustainability Preferences Questionnaire.

In the current state of the industry, it is already possible to find investment funds with ESG features or sustainability objectives. Therefore, customers who express their preferences in terms of standards to classify financial products that have sustainability objectives or promote environmental or social characteristics (SFDR), will always find a proposal from novobanco that suits such preferences.

ECO or ESG Structured Products

The novobanco Group has continued to market ESG and ECO structured products to its clients. These product's remuneration is linked to the share performance of companies that stand out for their ability to lead social and governance change subject to environmental and social criteria, or to financial assets that aggregate shares of companies with the same characteristics (e.g. ETFs, indices, etc.).

The criteria for the selection of the assets to be included in these products are subject to a valuation model based on quantitative and qualitative data. The analysis is based on publicly available information, combined with the company's strategy and its inclusion in ESG indices.

PERFORMANCE 2023 – novobanco	PERFORMANCE 2023 – novobanco dos Açores
€12.9m subscribed in 2023 in ESG/ ECO products, out of a cumulative total of €45.5m on customers' portfolios at the end of 2023.	€411th invested in 2023 in ESG/ ECO products, out of a cumulative total of €1m on customers' portfolios at the end of 2023.
20% of the total portfolio of structured products	**61% of the total portfolio of structured products**

ESG Funds

In 2023 the Group offered more than 1.500 ESG funds with investment made by its clients. In line with the European Sustainable Finance Directive, the Group classifies these funds into two categories:

- **Article 8 SFRD (Sustainable Finance Disclosure Regulation)** - funds that invest in companies with environmental, social and governance considerations;
- **Article 9 SFDR (Sustainable Finance Disclosure Regulation)** - funds whose objective is sustainable investment with environmental, social and governance considerations.

In 2023, clients' investments in these funds had the following performance:

PERFORMANCE 2023	ARTICLE 8	ARTICLE 9
novobanco	77 funds with an investment of **€431.4m** 36% of the total portfolio of distributed funds	5 funds with an investment of **€10.4m** 1% of the total portfolio of distributed funds
BANCO BEST	1375 funds with an investment of **€351.2m** 60% of the total portfolio of distributed funds 43 ETF with an investment of **€2.9m**	91 funds with an investment of **€18.1m** 3% of the total portfolio of distributed funds 3 ETF with an investment of **€20th**
novobanco dos AÇORES	1 fund with an investment of **€52.9th** 4% of the total portfolio of distributed funds	-

Financial Inclusion

The adaptation of products to the needs of customers also involves the integration of social concerns. novobanco adjusts its products to the new realities of customers, focusing on savings, which are tailored to each family's budget.

Micro Saving
Based on this positioning, the Bank offers a package of Micro Saving solutions comprising three products:

SAVINGS	DESCRIPTION	PERFORMANCE 2023
PLANNED SAVING	Permits to build up savings from as low as 10 euros per month through the subscription of a monthly plan in which the clients set the amount and the time of month of deposits, thus adjusting savings to the family budget.	**€91.4m** in savings 19.9 thousand subscribing clients
MICRO SAVING	Allows any client to start saving money by small amounts through the rounding up of debits of day-to-day expenses (such as residential mortgage loan instalments or personal loan repayments, insurance premiums, or direct debits), which are transferred to a saving account.	**€7.3m** 39.0 thousand subscriber clients
novobanco APP TARGETED SAVINGS **BEST BANK APP TARGETED SAVINGS**	Exclusive products for clients who have installed the novobanco or Banco Best apps: once the client has defined his/her saving objectives (how much and for how long he/she wants to save) the app traces the path to reach this objective.	**€33.0m** 24.0 thousand subscriber clients **€286.5th** 186 clients

In 2023, the micro-savings of novobanco's clients totalled €131.6m.

MINIMUM BANKING SERVICES ACCOUNT

This account provides a wider coverage of financial services provision and therefore wider social inclusion. It gives clients a current account and a debit card and the possibility to use the account through ATMs in the European Union, direct channels and the Bank's branches.
Its annual maintenance fee cannot exceed the equivalent of 1% of the social support reference rate at any given time. This product is designed for:

- Individuals who hold no other current account in any other institution, or who hold only one current account which is converted into a minimum banking services account.
- Individuals who hold other current accounts, but wish to open a minimum banking services account where one of the holders is over 65 years old or is dependent on others.

novobanco held 13,500 Minimum Banking Services Accounts.

Support to Families

In a year marked by a sharp rise in interest rates, the number of customers in financial difficulty and at risk of defaulting on their loan agreements increased.

For novobanco, supporting its clients also means developing measures to prevent and regularise situations of late payment on loans and designing an action plan for the risk of default, focusing on finding, together with the clients, the most appropriate solutions for these situations.

In order to regularise default situations, customers are offered a range of options, both short and medium term, which include different strategies and approaches, from the implementation of payment agreements to the renegotiation of debts.

From the first warning signs of financial difficulties, customers can use the Bank's face-to-face, digital and telephone channels to clarify their doubts and ask for the Bank's help.

Customers with loans at risk of defaulting or who are in arrears with their instalments can also obtain additional information on the rules applying to defaults on loan agreements at the bank's customer portal (http://clientebancario.bportugal.pt), at the "Todos Contam" portal (www.todoscontam.pt), as well as free advice and monitoring from RACE (www.consumidor.gov.pt).

novobanco also maintains a communication channel with the Portuguese Association for the Defence of Consumers (Associação Portuguesa de Defesa do Consumidores - DECO) to receive requests for assistance from the bank's customers.

Re-PVC (recycled PVC) cards

In 2023, novobanco began to gradually replace all traditional PVC bank cards with re-PVC cards, which are made from recycled plastic from regionally collected industrial waste.

Recycled PVC (re-PVC) cards contribute to the conservation of natural resources, as they avoid the production of new PVC and reduce the amount of PVC deposited in landfills.

With this initiative, novobanco avoided the production of more than 880,000 plastic cards in 2023, or 4.4 tonnes of traditional PVC.

For a future with less environmental impact, novobanco continued to recycle its expired bank cards for future use in the manufacture of street furniture. In 2023, 1.7 tonnes of credit and debit cards were sent for recycling and reused in the production of street furniture, thus promoting the circular economy.

More information about recycling in chapter 4 of this Report.

3.3 Asset Management

Responsible investment recognises the importance of environmental, social and governance factors for investment success and long-term stability. Under this premise, the novobanco Group offers ESG investment funds not only through GNBGA but also through entities outside the Group, which are diversified both geographically and in terms of investment strategies.

Through GNBGA, the Group offers three funds with ESG criteria. These funds promote sustainability characteristics and are classified under article 8 of the SFDR regulation.

Considering the scope and growing importance that the market as a whole, i.e., clients, banks, management companies and regulators, afford to the issue of sustainability, GNB Gestão de Ativos intends to continue expanding its range of products that promote sustainability criteria in 2024.

NOVOBANCO SUSTAINABLE MOMENTUM FUND	OPEN PENSION FUND MULTIREFORMA	PPR PENSION FUNDE VINTAGE SUSTAINABLE
With a diversified portfolio of assets of companies that adopt the best practices in terms of ESG criteria, the fund aims at consistent long-term value increase based on the three pillars of Sustainability. At least 75% of the fund's direct investment component must be invested in companies with an Eikon ESG rating above 50 points (rating B- or higher) and the Fund may not invest directly in companies with an Eikon ESG rating below 10 points. The Fund will invest at least 85% of its net asset value in shares and other securities convertible into shares or giving the right to subscribe shares.	With a diversified portfolio of assets of companies that adopt the best practices in terms of ESG criteria, the fund aims at consistent long-term value increase based on the three pillars of Sustainability. At least 75% of the fund's direct investment component must be invested in companies with an Eikon ESG rating above 50 points (rating B- or higher) and the Fund may not invest directly in companies with an Eikon ESG rating below 10 points. The Fund will invest more than 75% of its assets in shares of companies listed on regulated markets and in equities collective investment undertakings (including ETFs), with a benchmark (direct or indirect) investment allocation of 100% in equities.	With a diversified portfolio of assets of companies that adopt the best practices in terms of ESG criteria, the fund aims at consistent long-term value increase based on the three pillars of Sustainability. At least 75% of the fund's direct investment component must be invested in companies with an Eikon ESG rating above 50 points (rating B- or higher) and the Fund may not invest directly in companies with an Eikon ESG rating below 10 points. The Fund may invest a maximum of 15% of its assets in shares of companies listed on regulated markets, with a benchmark of 7.5%, and a minimum of 50% of its assets in bonds, with a benchmark of 55% for fixed-rate bonds and 37.5% for variable-rate bonds.
The Fund's assets are worth €160.5m. **The Fund represented 21.9% of all the Securities Funds domiciled in Portugal managed by GNB Gestão de Ativos.**	**At year-end the Fund's assets were worth €15.0m.** **The Fund represented 3.7% of all the Open-end Pension Funds managed by GNB Gestão de Ativos.**	**At year-end the Fund's assets were worth €59.4m.** **The Fund represented 14.5% of all the Open-end Pension Funds managed by GNB Gestão de Ativos Portugal.**

3.4 The Customer's Voice

To deliver the best experience to its clients, the Voice of the Customer Diagnostic model is based on several pillars that aim to bring the voice of the customer into the organisation, enabling a better understanding of customer needs and satisfaction throughout the customer lifecycle and identifying opportunities for improvement.

The information obtained through this consultation and monitoring model is shared with the Group's commercial structures and with the central areas, enabling a set of actions to be taken to improve the clients' experience of the Group in its various dimensions and to design an adequate offer of products and services.

Voice of the Client (VoC) Diagnostic Model

SERVICE QUALITY

Experience monitoring surveys of customers with the service provided in all commercial structures of the bank and all the segments.
In 2023 we will start installing feedback from customers 24 hours after visiting a branch.

MOMENTS OF TRUTH

Continuous monitoring of customer experience, immediately following key moments in the banking relationship, aiming to identify opportunities for improvement that meet customer expectations and needs

DIGITAL CHANNELS

Study of customer satisfaction with digital channels across various dimensions (available features, ease of use, security, and visual appeal) and a comparison with competitors. In 2023 the bank implemented real-time customer feedback collection on its digital channels and website.

QUALITY INDICATOR

Quality Indicator for commercial areas which reflects the quality of service and other elements that impact the customer experience.

EXTERNAL SURVEYS

Benchmark NPS* monthly monitoring of private customers (BASEF Banca and CSI developed by Marktest) and from clients company (Financial Services Barometer developed by DATA E).

RELATIONAL STUDY

Survey carried out with all private clients with the aim of measuring their loyalty based on all the experiences lived throughout its life cycle.
The results identified key drivers of satisfaction and their root causes, enabling prioritized improvement actions.

MYSTERY CLIENT

Customized program with the aim of identify service weaknesses and need for training.
Performed annually depending on the critical themes and needs of the time.

AD HOC SURVEYS

Specific studies using different methodologies, depending on the themes critics of the moment.

IMPROVEMENT

Sharing the information resulting from the VoC Model with the bank's commercial structures and improvement teams, allowing trigger a set of actions that aim to improve customers' experience with the bank in its various aspects.

* NPS (Net Promoter Score) - Loyalty metric, based on the probability of the customer recommending the bank to friends and family/business partners based on the experiences they have had during their customer lifecycle.

The bank collected approximately 62,900 satisfaction questionnaire responses from individual and corporate clients in 2023, representing a 19% increase compared to 2022.

One of the main pillars of the bank strategic positioning is to be a bank that focuses on its customers and their needs, constantly seeking to understand their needs at the different stages of their lives, actively listening to what they have to say through the various channels available, and thus continuing to offer a range of products and services that best meet their expectations.

To this end, the Bank created the Customer Experience and Satisfaction Office, which represents the voice of the customer inside the novobanco Group and ensures the strategic alignment of the entire organisation to design the best service experience and customer satisfaction for the profitable growth of the business. The individual clients segment continues on its path of innovation, progressively developing and promoting the omni-channel capabilities of its Contact Hub, largely based on digital transformation, whereby it seeks to provide customers with maximum convenience, in a context of trust and relationship, whenever this is relevant.

Retail Clients

Around 59.2 questionnaires were returned in 2023 in the retail clients segment. Approximately 85.2% of novobanco's clients and 93.1% of novobanco dos Açores' clients are very satisfied with the quality of the service provided, up by 2.2 p.p. and 1.6 p.p., respectively, on the 2022 results.

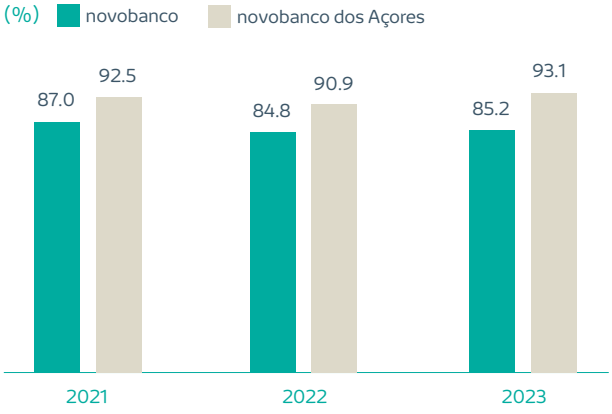
In 2023 novobanco also collected the opinion of more than 5.3 thousand clients about their experience in the main moments of truth in their relationship with the bank, namely account opening, mortgage loans, and personal loans.

Always taking into account i) the adequacy of products and services to customer needs, which is a direct result of the consultation process carried out on a regular basis, ii) new market trends, and iii) regulatory requirements, the novobanco Group has been reshaping its offer in order to strengthen it and increasingly respond to environmental, social and ethical considerations. The Net Promoter Score (an index that calculates the intention to recommend the Bank) stood at 17 points in December 2023 (average of the last 4 months), an improvement of 17 points compared to the last 4 months of 2022*.

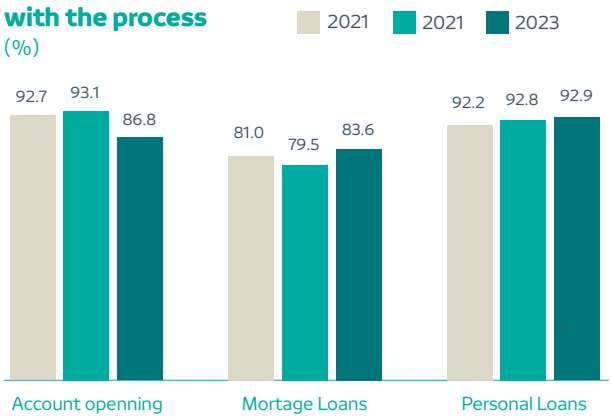
This improvement follows a year of frankly positive financial results, recognised by the market not only in terms of the significant improvement in novobanco's credit rating, but also through the "Bank of the Year in Portugal" award from The Banker, a prestigious publication of the Financial Times Group. This award recognises novobanco's unparalleled commitment to its customers, consistently anticipating their needs and providing innovative, efficient and transparent banking products and services, based on high standards of ethics and integrity.

The Net Promoter Score in Corporate segment stands at 45 points in 2023, an improvement of 7 points on 2022*.

Very Satisfied Clients I Retail Banking



Moments of truth I satisfaction with the process



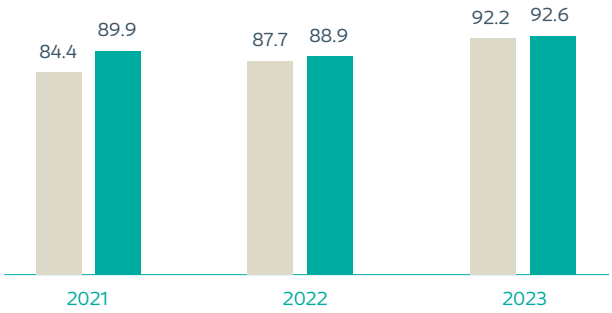
Corporate Clients

Creating a value proposition for the Corporate segment that is innovative, competitive and profitable, and bolsters novobanco's role as the reference bank for companies in Portugal, remains one of the Group's key priorities, and the customers' voice gives a crucial contribution to attaining this goal.

In 2023, corporate banking collected approximately 1.7 thousand replies to customer service satisfaction surveys. The results show that 92.6% of medium-sized corporate clients and 87.1% of large corporate clients are very satisfied with the service, representing increases of 7.3 p.p. for Medium-Sized Companies and 4.5 p.p. for Large Companies compared to 2022.

Very satisfied clients I Companies

(%) SMEs Large companies



The Net Promoter Score in Corporate segment stands at 45 points in 2023, an improvement of 7 points on 2022*.

The segment's frankly positive evolution shows that the bank's actions are aligned with its needs.

Customer experience is at the centre of our omni-channel banking strategy. We place great emphasis on continuously improving our customer satisfaction framework, bringing the Voice of the Customer into the organisation. Through this continuous system of learning and improving our customers' journeys, we aim to stand among the market leaders in both CSAT (% of very satisfied customers) and relational NPS.

In this consultation process, customers have several channels available to submit their complaints, which the Bank endeavours to solve upon the customer's first contact. A frank and continuous contact with this group of stakeholders requires fast and efficient replies to their comments or complaints, and helps maintain and develop a relationship of trust. At novobanco and novobanco dos Açores, the complaints index in 2023 was 0.38 and 0.15 per thousand active customers, respectively, in line with these figures in 2022.

* Source: BASEF Banca 2023 / Marktest. Period from September to December 2023 versus September to December 2022 for companies with a turnover greater than 5 M euros

Channels for submitting complaints

Online

Direct line

Branches and Corporate Centers

E-mail

Online forms

By letter

3.5 Wellbeing, Inclusion and Financial Security

Ensuring the development of financial skills and contributing to a generation of informed consumers with greater capacity for analysis and decision-making, as well as providing access to financial services in a safe and simple way, are the premises on which the Bank bases its operations.

With a focus on the wellbeing of the population and the stability of the financial system, the Bank's performance is thus based on three pillars:

SECURITY
Protecting customers and fighting cybercrime

ACCESSIBILITY
Making the banking system simpler and more accessible

FINANCIAL AND DIGITAL LITERACY
Increasing financial and digital knowledge

Security

Digital banking has enabled greater and faster access to financial services and products. The bank's customers are increasingly using the novobanco website and app for their financial transactions, which translates into 1.5 M access per day. To manage its customers' daily financial life, novobanco ensures that the bank is always available, convenient and secure. To this end, it provides both its customers and its employees with a wide range of tools and information to make online banking safe and secure at all times.

This accessibility requires a high level of information security, which is why the Group operates in accordance with best market practices and in compliance with legal and regulatory requirements to ensure privacy and the correct processing of personal data. To this end, it has developed a set of internal procedures and regulations, as well as a detailed Privacy Policy on the processing of personal data, which is available on its website, in order to guarantee the confidentiality, integrity and availability of information.

Information security means confidentiality, integrity, availability and authenticity.

WE ARE ALWAYS VIGILANT	WE USE STATE-OF-THE-ART TECHNOLOGY	WE HAVE DOUBLE SECURITY AND DISPOSABLE CODES
24 hours a day to monitor all transactions and identify suspicious activity.	We use SHA256RSA SSL technology to encrypt information/communications.	Online banking and credit card transactions have exclusive guarantees to protect you from fraud, giving you peace of mind.

Accessibility

Accessibility, or the lack of it, is perhaps one of the main factors leading to social and financial exclusion. In order to be always present, the Bank has taken every step to ensure that its customers can access financial services when digital is not an option.

To this end, and for those who find it more difficult to get around, as part of its social welfare programme and with the aim of developing a set of practices aimed at building a more inclusive society, the Bank has restructured the branches of its New Distribution Model (NDM) network and equipped them with ramps and stair lifts wherever possible. The majority of the NDM's branch network is accessible to people with reduced mobility.

To ensure financial inclusion and accessibility to financial services for all its customers, the bank has 299 branches, 51 of which are located in sparsely populated areas

"Preventing, detecting, and responding to new cyber threats are the goals that underlie the increased attention and strengthening of our technical controls."

Financial and Digital Literacy

In order to respond to the rapid digitalisation of society and the need to develop financial literacy, novobanco's priority is not only to guarantee a complete and innovative offer of digital financial services, but also to promote and educate for the correct use of these channels in everyday financial management.

With a particular focus on customers and the people who use digital channels to interact with financial services on a daily basis, novobanco continued its financial education programme based on two pillars: Digital Literacy and Savings and Personal Finance.

The aim of novobanco is not only to promote greater financial stability, but also to make the financial system simpler and easier to understand.

"We help make the banking system more accessible. Online financial transactions are simple, safe and easy."

DIGITAL LITERACY DIGITAL WELLBEING	**FINANCIAL LITERACY** WELLBEING BASED ON FINANCIAL HEALTH
Digital security is one of our priorities, and to improve the digital skills of people using financial services on a daily basis, we developed a digital literacy programme with the Portuguese Banking Association (APB) and its members. This programme enabled 600 participants to acquire basic digital skills from a user perspective, contributing to the safe use of digital channels. At the same time, we share basic rules for the safe use of our digital channels.	Balancing and planning your personal finances depends not only on your income and savings, but also on how you organise your personal budget. To help customers make informed key decisions for the present and the future, we have prepared a series of tips and simplified financial concepts to make it easier to manage personal finances.

With the aim of improving people's digital literacy, the Bank joined the Financial Education Project - Digital Literacy Programme of the Portuguese Banking Association (APB).

"All you need to know about online banking".
With this programme, the Bank aims to:

- Develop a set of basic digital skills from a user perspective
- Raise awareness to the importance of adopting more informed and safer financial behaviours
- Help train the target audience to use digital channels
- Promote higher levels of Digital and Financial Literacy in Portugal

In 2023, the Bank once again joined forces with the Portuguese Banking Association (APB), this time with the financial education project "O Banco da Minha Escola" (At my School Bench), which aims to create more informed generations capable of making informed decisions in the future. This initiative, which includes members of the APB, involves schools from the north to the south of the country and is aimed at students in the 3rd cycle and secondary education schools during the 2023/2024 school year. It is estimated that the APB and the employees of its 14 member banks will organise around 200 sessions in more than 50 schools, reaching more than 3,800 students.

novobanco employees organise financial education sessions at the General Serpa Pinto Primary School in Cinfães, the Padre José Augusto da Fonseca School Group in Aguiar da Beira and the Miramar School in Mafra.

TOPICS COVERED IN THE SESSIONS

1st term
Planning and Managing the Family Budget
Understanding what income and expenditure are, how to make a budget and how to manage a budget balance.

2nd Term
Financial System - Banking Products and Services
Gaining a deeper understanding of how the financial system works and learning about some basic banking products such as loans, deposits, payments and insurance.

3rd Term
Online Security
Identifying the different types of online fraud and adopting the most appropriate and safe behaviours to prevent them.

Braille Vision

Also in the context of integration, novobanco supports Visão Braille, published under a non-profit social responsibility and solidarity project and distributed free of charge by the TIN (Trust In News) Group. Issued monthly and containing a selection of articles, this magazine provides access to information for blind people who, despite all the technological innovations that have facilitated access to information, still prefer paper.

3.6 Social Welfare

To be integrated into society is to be part of it and to work towards developing initiatives that contribute to overcoming social, emotional, and cultural deficiencies, regardless of their cause. novobanco's contribution to the social wellbeing of the community in which it operates, aiming to reduce inequalities and respond to new opportunities for progress, is an integral part of the challenge undertaken by the bank in its corporate social responsibility strategy.

In line with its sustainable approach aimed at supporting the creation of solutions for important issues in the community where it operates, in 2023 the novobanco Group donated 475 thousand euros to various organisations, broken down as follows:

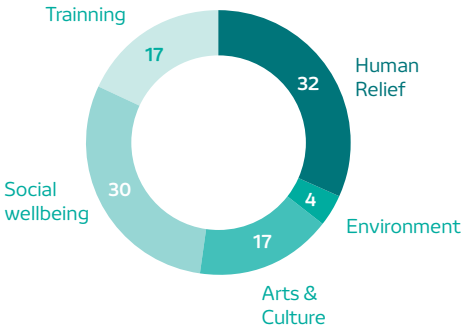
3.6.1 Diversity, Equity and Inclusion

Supporting organisations working in areas such as the promotion of diversity, equality and inclusion (DEI), combating poverty and social exclusion, among others, is the aim of novobanco's positive social impact programme. This approach is developed through various actions and initiatives, often involving the bank's employees.

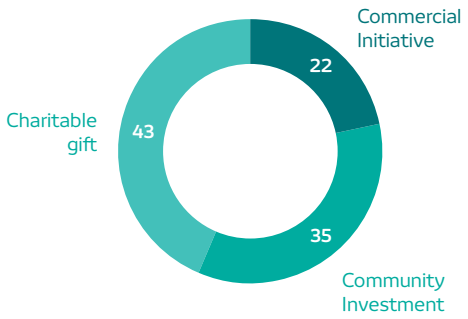
Bank Accounts

The first edition of “Contas com Gestos que Contam” ("Accounts with Gestures that Count”) ended in 2022. These service accounts of novobanco and novobanco dos Açores were associated with social responsibility causes of a social, cultural or environmental nature. In 2023, this initiative was continued with the campaign "For everyone, sustainability is our cause", in which the package accounts (100% and Conta 360º) are associated with a cause from the Bank’s corporate social responsibility programme, following on from two projects already supported in 2021/2022.

Donations by area
(%)



Donation by motivation
(%)



BECAUSE OF EVERYONE, SUSTAINABILITY IS OUR CAUSE		
SEMEAR ACADEMY	**WHAT CAN AN IMAGE TELL US**	**ECOETHICS PROJECT**
Together with SEMEAR Academy, we support the training and professional integration of 14 young people with intellectual and developmental disabilities and in socio-economic need, who otherwise would not be able to afford the tuition fees of the social integration programme.	Together with MEF (Photographic Expression Movement), we support and accompany the lives of 60 young people in 3 educational centres during their school career. The "What can an image tell us" Project aims to demonstrate the impact that the analysis of photo and video images can have on the development of young people's personalities, in a context of imprisonment.	Together with AMI, we support the Ecoethics project, which aims to rehabilitate and replant areas severely affected by forest fires, in particular in the Leiria pine forest. novobanco joined this project with a donation for the planting of 5,000 trees, with the help of customers and employees.

Leaders Gang Project

As a partner of Mentes Empreendedoras (Entrepreneurial Minds), the bank supports the Leaders Gang project, which aims to develop essential life skills in young adults and provides real moments of training and inspiration.

The 2023 pilot, supported by novobanco, involved 100 young people, of whom 65% were women and 18% came from rural and sometimes disadvantaged social and economic backgrounds. The participants organised and led three workshops for secondary school students in 43 municipalities and met seven inspiring leaders, including Catarina Furtado, Admiral Gouveia e Melo, Carlos Moreira da Silva and others.
They also took part in a Bootcamp involving formative and inspiring experiences. In addition, they visited novobanco, where they had the opportunity to learn about the professional development of one of its executive directors and several managers, as well as to ask questions and share their visions, ideas and fears. The programme ended with a visit to the European Parliament, where they were welcomed by five Portuguese MEPs.

LEADERS GANG

The project is a talent and skills accelerator, aiming to celebrate and promote the social mobility of young people who have excelled throughout secondary school.

Participants testimonials

"The programme has shown me that I can achieve all my goals...

"It has made me more confident when speaking in public and dealing with an audience. These are skills that will help me in my professional future".

"I have learned to listen and understand other ways of thinking."

"I realised that I had to step out of my comfort zone. It gave me the push to venture out."

APCEF Associação para a Educação, Cultura e Formação

The partnership established with APCEF (Association for Education, Culture, and Training) supports the awarding of scholarships to children from the S. José de Beja School in Beja and the Laura Vicuña School in Vendas Novas, both areas of low population density and low income, who would otherwise not be able to continue their education.

Quality of Life Action

As a patron of the Salvador Association, an IPSS working in the field of motor disabilities, the bank once again joined the project to promote the social inclusion of people with motor disabilities. The Bank focused its support on the training and employment category, reinforcing its work in the area of diversity, equality and inclusion. The 16th edition, with a budget of 130,000 euros, supported 28 people with reduced mobility.

Christmas Action 2023 - This year we chose Acreditar

Christmas celebrations at the novobanco Group begin with the usual selection of a solidarity initiative by its employees. This year's chosen cause was Acreditar's new home in Lisbon, which has just been expanded from 12 to 32 rooms, thus tripling the number of families that it can accommodate free of charge. These families come from far away with their children for cancer treatment in Lisbon. Donations from staff and the Bank have made it possible to purchase more equipment than originally planned. This year, for the first time, the Christmas campaign had an external aspect: the bank's followers on social media were able to contribute through their reactions. For every "like", the Bank donated €1. This was another action in favour of equal opportunities and inclusion.

Associação Cais – Reflex Photography Award

In 2023, through the 16th edition of the REFLEX - CAIS | novobanco Photography Award, novobanco continued its long-standing partnership with Associação CAIS, an association that promotes the social integration of people experiencing poverty and/or social exclusion, through capacity-building methodologies to facilitate their approach to or return to the labour market.

This year's theme, "Water, the source of life", aims to spotlight the importance of this natural resource and to raise awareness to it, namely among the new generations. The aim is to use photography to help bring about a significant change in behaviours, particularly among political decision-makers, economic operators and civil society in general, and to raise citizens' awareness to the important challenge of preserving this resource. This year's edition saw a doubling in the number of participants, reflecting the growing concern for the environment, especially regarding water. In an initiative that aims to awaken consciences and have a positive impact on society, creativity, art and culture are the main tools of this project, which aims to highlight the value of photography as an artistic expression of excellence in Portugal and to raise awareness through images linked to socially relevant issues.

Humanitarian Relief

The earthquakes in Turkey, Syria and Morocco, and the floods in Libya, which have left millions homeless and displaced and claimed many victims, once again brought humanitarian aid to the fore. The Bank could not remain indifferent to these events and made donations to the organisations helping the victims: the Unicef Emergency Fund, the Red Cross, AMI and Care.

3.7 Cultural Patronage

novobanco Cultura brings together, under a single concept, all its Collections and its mission reflects a commitment to preserving, promoting and sharing our relevant cultural and artistic heritage. This facilitates access to the diverse collections for artistic communities, students, researchers, and the general public, both domestically and internationally.

novobanco Photography Collection

The collection comprises around 1,000 works by over 300 artists from 38 countries, encompassing renowned figures from both the national and international art scene. Recognized as one of the world's most significant photography collections, it is also highly awarded and stands out prominently within the global art landscape, ranking among the top 80 corporate collections worldwide.

The collection's works are frequently featured in national and international exhibitions. Notably, in 2023, the "Horizonte Y Limite. Visions of Paisaje" exhibition in Spain showcased contemporary photography from novobanco, furthering its international promotion.

novobanco Paintings Collection

Made up of Portuguese and European paintings from the 16th to the 20th centuries, 100 works from this collection are on permanent display in 39 museums across the country, representing important moments in the history of European art over six centuries.

Numismatics Collection

One of the largest and most complete numismatic collections in Portugal. Comprising approximately 13 thousand coins, all minted in territory that is or was Portuguese, from the period before Portugal was a nation up to the establishment of the Republic, the collection traces, through money, our development as a people, culture and nation over a period of more than 2,000 years.

Library of Humanistic Studies

It contains approximately 1,100 Old Books, including 8 incunabula, 90 works printed by the humanist Aldo Manuzio and his successors, and 600 titles printed in the 16th century. The remaining bibliography of about 8,600 titles serves as support to the study of the classical texts and their themes. The library is on deposit at the Faculty of Humanities of the Lisbon University (FLUL).

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4 SIMPLE AND EFFICIENT OPERATIONS

One of novobanco's strategic pillars is the aim of ensuring simple and efficient operations for its clients, providing a better banking experience and ensuring ever greater sustainability in its environmental and social footprint.

To this end, as already mentioned, the bank has made several commitments in the past, such as to significantly reduce its own emissions by 2024 (-28% vs 2021), a target which has already been exceeded (-36% emissions in 2023 vs 2021).

The bank intends to continue strengthening these objectives, having set new, even more ambitious targets for reducing emissions and adopting renewable energy solutions in all locations where they are available.

4.1 Environmental Footprint

Climate change is one of the greatest challenges of our time, giving rise to a huge variety of potential risks, such as floods, forest fires, storms and other extreme events. In this context, the Bank gives prime focus in all its activity to the minimisation of its environmental impact, structuring its climate pathway around 3 axes:

REDUCTION OF INDIRECT IMPACT ON THE ENVIRONMENT

Resulting from financing granted and investments made:

- Financing to Companies
- Financing to Individuals Staff
- Investment Products with environmental criteria
- Other

REDUCTION OF DIRECT IMPACT ON THE ENVIRONMENT

Resulting from its own operations within the scope of its activity:

- CO_2 emissions
- Electricity Consumption
- Paper Consumption
- Water Consumption
- Other resources

AWARENESS-RAISING AND TRAINING FOR EMPLOYEES

- Consumption of resources at work.
- ESG training to support the clients in their journey towards sustainability

The National Roadmap for Carbon Neutrality and compliance with the Paris objectives call for a profound transformation of business models.

The novobanco Group's operations directly impact the environment. For this reason, one of the strategic concerns of its environmental management is to find solutions that allow an adequate and rational use of the resources required to develop its activity.

The pandemic showed that it is possible to carry on the business while reducing the consumption of some resources. Hence, although the return of the employees to the premises after two years in home office may increase consumption, the Group has prepared this return by creating scenarios focused on strengthening dematerialisation initiatives at the business level and in terms of raising employee awareness, thus seeking to maintain or reduce consumption, mainly of paper and electricity.

Paper

Despite the dematerialisation of a significant part of the business processes and the adoption of the digital signature to formalise acts in the commercial network, which contributed to further a "paperless" culture and environment, there was a significant increase in the consumption of paper in 2023, of +16.6%, or 24.6 tonnes more than in 2022.
The novobanco Group carried out a detailed analysis to understand the causes of this significant increase in consumption and to reverse the negative trend observed in 2023:

- **A significant increase in commercial and operational activity**

  - Strong growth in the opening of new accounts and saving products: despite the fact that the process is already fairly digitalised, there are still cases that require it and clients who prefer to sign paper documents (more common among older clients);

  - A sharp increase in the formalisation of credit operations, both for retail and corporate clients.

  - Requests for instalment support: the increase in requests for instalment support resulted in more documents being printed to respond to these requests;

  - Paper-consuming execution of deeds at the branches.

- **New regulatory requirements**

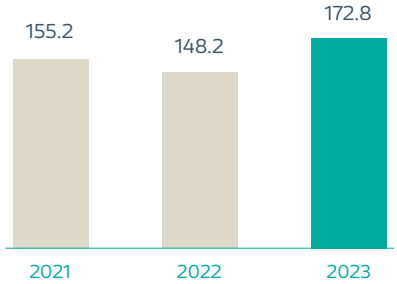
  - Change in spacing and font size in documents for delivery to individual clients, resulting in an increase in the number of printed sheets (Law No. 32/2021);

  - Increased issuance of duplicates of documents at the customer's request (Law No. 24/2023 prohibited the charging of commissions for duplicate requests, which led to an increase in customer requests).

- **Return of employees to face-to-face work**
  - In the central services the impact is significant, with face-to-face work having increased by 25.8 p.p. compared to 2022.

  novobanco has already launched a new campaign to raise awareness to the need to reduce paper consumption, recalling behaviours and habits that help achieve this goal, and will continue to invest in programmes to dematerialise internal processes, and in the digitalisation and phygitalisation of customer relations, giving priority, whenever possible and appropriate to customer preferences, to formalising documents by digital means.

Paper consumption
(ton)

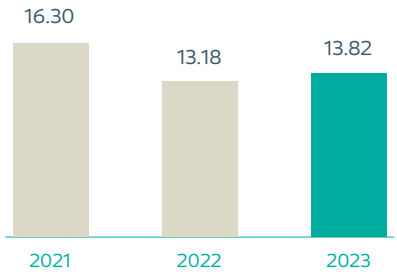


Electricity

Following the decision taken by the novobanco Group (novobanco, GNBGA and Banco Best) in November 2021 to use green energy (from renewable sources) in its facilities, which is currently available in around 77% of the facilities, some additional measures were implemented in 2023 to reduce consumption.

The teleworking scheme adopted since the beginning of the pandemic contributed significantly to reducing electricity consumption, but the return of staff from central services in 2023 led to a slight increase in consumption.

Electricity consumption
(kwh M)



A number of other measures were implemented in 2023 to reduce electricity consumption:

Commercial Network - with the consolidation of interventions under the New Distribution Model and in the number of branches, control of lighting, ventilation and air conditioning was increased. With modern new equipment in place, the process of preventive maintenance and monitoring and control of anomalies and alarms was optimised. The timer for the installed presence/movement sensors was also regulated, and the air conditioning set points and external signage hours of operation were adjusted.

Central Buildings - the policy of timed operation, both in terms of the lighting schedule - between 6am and 10pm, depending on the functional/departmental area - and in terms of the operating hours of the ventilation and air conditioning system, which is programmed to operate only on working days between 7am and 9pm, was maintained. In addition, incandescent lamps continued to be replaced by LED technology.

CO_2 Emissions

The goal set for 2030 is to reduce Scope 1 and 2 CO_2 emissions by 50%, an ambitious commitment for which the Bank will continue to make efforts to achieve reductions in different types of consumption.

To this end, in 2022, the novobanco Group defined a new Vehicle Policy to regulate and standardise fleet management, clarifying eligibility rules and responsibilities for using this benefit. The ESG commitments assumed by the Group were reflected in the policy, promoting and boosting the choice of vehicles with green motorisation (electric or plug-in hybrid), through the following measures:

- Price caps for electric or plug-in hybrid vehicles 10% higher than for combustion vehicles;
- Predominance of electric and plug-in hybrid options in the list of approved vehicles.

These targets have already led to an improvement in the composition of novobanco's fleet in 2023, with electric and hybrid vehicles rising from 3% of the total fleet at the start of the year to 25% at the end of the year.

The improvement in the composition of novobanco's fleet is the main factor in the reduction of Scope 1 emissions. novobanco's home office policy and the improvement of green mobility solutions for staff have prevented an increase in Scope 3 CO_2 emissions during the return to normality following the pandemic.

The increase in Scope 2 CO_2 emissions is temporary and mainly due to the fact that for some of novobanco's premises it has not yet been possible to find solid and permanent green energy solutions.

Environmental Indicators CO_2 Emissions* (ton)	2023	2022	2021	23 vs 22
Direct emissions (Scope 1)	3 675.3	4 158.1	4 696.1	-11.6%
Indirect emissions (Scope 2)**	1 146.3	811.3	2 937.5	41.3%
Indirect emissions (Scope 3)***	4 234.4	6 103.6	4 184.2	-30.6%
C1 - Goods and services purchased	91.5	81.6	87.2	12.1%
C4 – Business Travel (plane)	520.8	357.4	149.4	45.7%
C5 – Emissions from employees' home/ work daily trips	3 608.9	5 650,5	3 909.8	-36.1%
C7 – Waste generated in operations	13.2	14.1	3.9	-6.4%
Indirect Emissions (Scope 3 - Financed Emissions)	2 592 458.0	1 699 109.0		52.6%
Total (Scopes 1, 2 and 3) **Excludes indirect emissions financed**	**9 056.0**	**11 072.0**	**11 817.8**	**-18.2%**
Total (Scopes 1, 2 and 3) per employee	**2.2**	**2.7**	**2.7**	**-20.5**

*See methodological notes.

**Scope 2 is calculated under the market-based approach.

*** Includes the following categories of emissions: air travel, employees' commuting, waste, life cycle of paper consumed, paper recycling process, water consumption and wastewater treatment.

**** Includes financed emissions in the credit portfolio and in PCAF-based investments.

Recycling and Circular Economy

novobanco is aware that waste management is an essential process for the environment, bearing directly on the conservation of natural resources.

In this context, it has continued its recycling processes, especially of expired or unused bank cards, paper, cardboard, batteries and toners.

The amount of paper and cardboard sent for recycling has increased significantly compared to 2022 (+59% and +19% respectively), due not only to the increase in paper used in current activities, but also to the preparation of central services for the move to the new campus, which required a significant reduction in the existing paper archive that was no longer needed.

In 2022, the Bank started the process of recycling its bank cards. The card treatment process involves the collection and destruction of clients' expired bank cards, which are sent to Extruplás for recycling. Extruplás uses them to manufacture street furniture, significantly reducing the environmental impact of this waste if it were treated differently. In 2023 the Bank sent to Extruplás approximately 1.7 tonnes of bank cards for recycling, thus giving a new life to plastic.

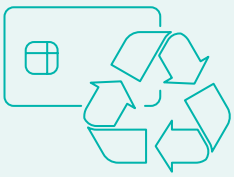
CIRCULAR ECONOMY		
PAPER	**BANK CARDS**	**CARDBOARD**
157.4 tonnes of paper made it possible to create new products, avoiding the extraction of more resources from nature.	1.7 tonnes of cards sent for recycling, giving plastic a new lease of life in the production of street furniture.	61.8 tonnes of cardboard reused in the production of new corrugated cardboard boxes or cardboard packaging.

In 2023, novobanco began to gradually replace all the old bank cards in PVC by re-PVC cards, which are made from recycled plastic from regionally collected industrial waste

More information on the re-PVC cards can be found in Chapter 3 of this report.

As part of the Bank's move to its new headquarters, which will take place in the second half of 2024, a pilot of the new working model has already been launched. The employees of the pilot department were given the chance to buy the old office furniture at a symbolic price, and the money raised was donated to charities of their choice. This reduced the environmental impact of destroying this material and encouraged its reuse for private use.

To reduce its direct impact on the environment, the Group also continued its practice of not using single-use plastics, providing its employees with alternatives made from paper, recyclable wood or other compostable materials.



We send expired bank cards for recycling to be used in the production of urban furniture.

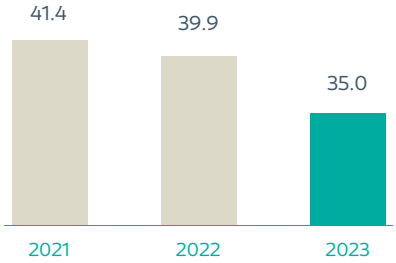
We stopped providing single-use disposable plastic cups, packaging, cutlery and straws, using instead paper cups and cutlery made from recycled and/or biodegradable materials.

Water

Despite the return of staff to the central buildings, the Group maintained a downward trend in water consumption, which was reduced by 12.2%, to 8m^3 per employee.

This reduction resulted from the installation of new equipment in the branches under the New Distribution Model (NMD), namely flow reducers and dual flush cisterns.

Water consumption
(m m^3)



4.2 Suppliers

The novobanco Group recognises the importance of sustainable business management covering the entire value chain, with suppliers playing an essential role in its ESG journey. The Group has therefore set in place a set of tools that ensure that the relationship with this group of stakeholders is based on environmental, social and governance criteria.

As a major buyer in the market, the novobanco Group has adopted a relationship model with its suppliers based on commitments to good practices and internationally recognised principles, recognising the importance of the economic, environmental and social impact generated by this group of stakeholders. The model is structured around two main axes:

- **Code of Conduct**, which determines that the process of supplier evaluation and selection is strict and carried out in accordance with the highest standards of transparency and ethics;

- **The Supplier Relationship Principles** are aligned with the OECD guidelines for multinational companies, the United Nations Global Compact, the Universal Declaration of Human Rights and the Fundamental Principles and Rights at Work of the International Labour Organisation. These principles set the minimum requirements, not only for suppliers but also for the Bank, with regard to business practices, health and safety at work, ethics and environmental management. Supplier selection principles are based on:

  - Impartiality: Equal treatment, without privileges or favouritism, and seeking to avoid conflicts of interest;

  - Transparency: Adequate reporting of information;

  - Quality and Efficiency: Selection of the best suppliers based on quality and efficiency standards.

novobanco Group's suppliers are invited to subscribe to these principles, undertaking to adopt rigorous behaviour, especially with regard to the environment, employment conditions and ethics.
In this context, the Supplier Relationship Principles, which were revised and strengthened in 2022 with the introduction of novobanco Group's Sustainability Policy, remain in force, with the expectation that all suppliers will follow and act in accordance with the guidance provided in both documents.

A responsible, coherent, and consistent attitude towards the selection of suppliers starts with total availability to receive all presentations from the most varied entities that intend to provide services or supply goods to the Group. To this end, any current or potential supplier may present itself and register in the Supplier Portal (https://fornecedores.novobanco.pt). In 2023 there were 3.2 thousand suppliers registered in the portal. In addition to providing the prime sourcing basis for market consultation processes, the database of registered entities also allows for an easier and more effective detection, assessment and comparison of the suppliers' characteristics, technical skills and commercial propositions.

The quality of this information permits to select the best propositions, i.e., the suppliers best capable of meeting the Group's needs and requirements in terms of the acquisition of goods and services. At 31 December 2023, the degree of coverage of suppliers with annual invoicing above €10 thousand and with registration completed or in the process of registration (pre-registered) was 94%.

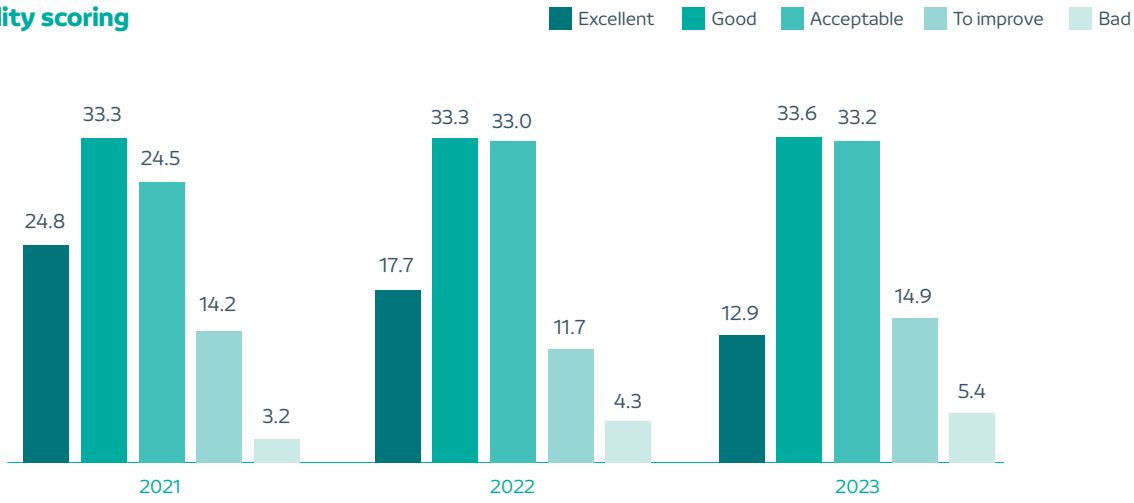
For a more rigorous selection of this group of stakeholders and based on the information provided, the novobanco Group calculates the "sustainability scoring", which takes into account ethical, labour, hygiene and safety at work, and environmental aspects. New certifications (ISO 45001, ISO 2700, ISO 50001) and aspects related to suppliers' sustainability and environmental policies also contribute to the calculation of this "sustainability score". This scoring is included in the assessment of suppliers in market consultation processes.

Additionally, this scoring is also included in the technical assessment of suppliers carried out by the Group's procurement structures and is one of the criteria/ elements considered and weighted in the overall rating. As at 31 December 2023, suppliers that had completed their registration and sustainability assessment in the Supplier Portal represented around €206 million, or 76% of the amount invoiced to the novobanco Group, with the following industry sectors standing out:

In 2023, 12.9% of the Group's registered suppliers had a score of Excellent. The decrease compared to the previous year (-4.8p.p.) is explained by the introduction of new criteria in the calculation of the "sustainability score", which made the evaluation stricter and more robust. All in all, around 80% of the suppliers have a positive score (fair, good or excellent).

Main industry sectors of novobanco Group's suppliers (%)	2023
IT services	25.2%
Consulting and auditing	23.9%
Electronic payment system	8.1%
Communications and dispatch	4.9%
Maintenance and repairs	4.4%
Legal expenses	5.5%
Advertising and publications	3.2%
Other	24.9%

Sustainability scoring
(%)



In 2023, the Bank concluded the roll out of the New Distribution Model project. The aim was to change and innovate, offering clients a totally differentiating and unique experience in the financial sector, and transforming the branch network into spaces where the financial experience becomes more than a simple visit to the bank. At the end of the year novobanco had 247 fully revamped branches, in which:

- National products were privileged, with the large majority of suppliers contracted being Portuguese companies with 100% national capital;

- The suppliers selected were those that could attest that they developed their business based on sustainability criteria, proven by environmental certifications, and which presented sustainability scores of good or excellent.

Maintaining a professional relationship with suppliers also implies responsible action, namely guaranteeing payment periods of 30 days, in line and in compliance with good market practices. This includes giving suppliers access to their current account, free of charge and at all times, simply by logging into the supplier's account on the Portal. In 2023, the payment period was 20 days, compared to 29 days in 2022.

The majority (92.1%) of novobanco Group's suppliers is Portuguese. The group's five largest foreign suppliers are from the United States, Spain, Belgium and Germany.

In 2023, the Bank adhered to the Code of Ethics of APCADEC - Associação Portuguesa de Compras e Aprovisionamento (Portuguese Purchasing and Procurement Association), a member of IFPSM - International Federation of Purchasing and Supply Management (www.ifpsm.org), which summarises the values and behaviours that the association aims to promote among its members, their organisations and the entire purchasing community in Portugal. This Code of Ethics bolsters the professionalism and transparency of our business structure, leading to a reduction in the financial, operational and reputational risks of organisations, and among them the Bank.

4.3 Cybersecurity and Data Privacy

The Information Security Policy follows the principles set out in the European Banking Authority (EBA) guidelines and is aligned with the main international security standards and frameworks (e.g. ISO27000 series, NIST CSF, CIS Critical Security Controls).

With the aim of reinforcing the fundamental role played by all employees in the prevention of cybersecurity risks, in 2023 the annual mandatory training covered various topics that can be applied in both professional and personal contexts, thus contributing to greater overall security and resilience in the cyberspace.

In order to increase customer awareness of digital channels, online security awareness campaigns have been carried out. novobanco maintains permanent security and fraud alerts on its digital channels.

Security systems and processes are subject to regular audits and risk assessments in order to strengthen controls and increase resilience in a logic of continuous improvement.

novobanco's Security Operating Centre (SOC) operates on a continuous 24x7x365 basis. novobanco Group's information systems are regularly tested by companies specialising in cybersecurity.

novobanco also uses cybersecurity rating tools to evaluate its suppliers and business-critical partners. novobanco has been a member of the national computer security incident response network (CSIRT) for several years, and regularly takes part in cyber-incident crisis management exercises involving public and private organisations.

In 2023, novobanco strengthened its means of detecting and responding to cybercrime with the aim of reducing fraud rates, particularly in digital channels, and contributing to a safer cyberspace.

novobanco has also taken out insurance to cover cyber risks in the event of a cyber-incident.

At novobanco, the privacy and protection of the personal data of its clients and other data subjects are fundamental. To this end, we guarantee the following principles in the management of personal data:

- **Lawfulness:** personal data is processed to the extent that at least one of the conditions laid down for lawful processing is met: (i) when consent is given by the data subject, (ii) within the framework of the contractual relationship, (iii) for the fulfilment of legal obligations, and (iv) in pursuit of the legitimate interest of novobanco or a third party;
- **Minimisation and limitation of storage:** only personal data that is suitable for the purposes of processing will be processed, and only kept for the time necessary for those purposes;
- **Transparency:** data subjects will be informed in a transparent manner about the main characteristics and measures of personal data protection, namely the processing purposes and possible transmission to third parties;
- **Need for access:** only employees, collaborators and partners whose duties require it will have access to the personal data processed by novobanco

novobanco is committed to respecting the fundamental principles of personal data protection and complying with the legislation applicable to the processing of personal data. For this reason, novobanco has implemented several technical and organisational measures to ensure an adequate level of protection of personal data, based on international best practices, which include a set of principles that are fundamental to all areas of information security, such as confidentiality, integrity, availability, authenticity, non-repudiation and privacy.

novobanco has a privacy policy, available at www.novobanco.pt, and a document with detailed information on the use and protection of personal data, the reason for processing it, the rights of the data subjects and how they can exercise these rights with novobanco.

Throughout 2023, novobanco carried out various awareness-raising and training activities for its employees in the area of personal data protection

5

DEVELOPMENT OF PEOPLE AND CULTURE

The novobanco Group knows that taking care of its business also means taking care of its employees and that is why it promotes a relationship based on a strategy of equal opportunities, with a focus on performance and continuous improvement

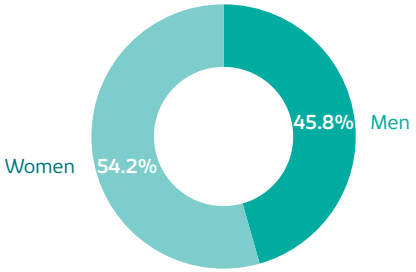
5.1 The People and Culture strategic pillar

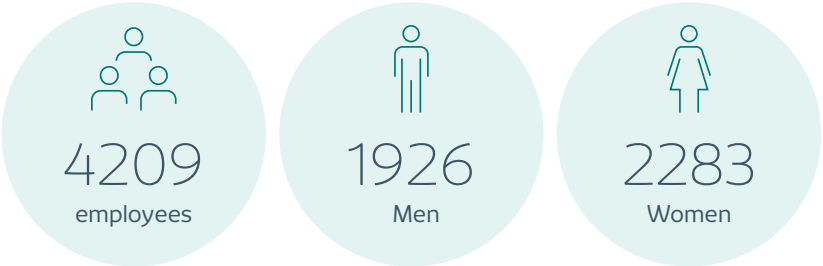
The development of its employees and fostering an inclusive and collaborative culture is one of the four pillars of novobanco's strategy.

This pillar is based on three main priorities - developing a values-based inclusive culture, developing a value proposition for the employees, and developing talent. Each of the priorities of this strategic pillar is aimed at retaining and attracting the best and fostering an inclusive culture that allows employees to reach their full potential.

The novobanco Group is aware that good results come from an organisational culture that promotes and values diversity as a strategic lever for transformation, innovation and growth. By fostering an inclusive environment, the novobanco Group enables its employees to reach their full potential, which is why the "People and Culture" pillar is one of the cornerstones of the Bank's strategic plan, which is based on sound governance policies and guiding principles.

In order to implement its human capital strategy, the bank has sought to follow best practices in its decision-making process, focusing not only on results, but also involving a fair process based on strong employee motivation to achieve results. To this end, it endeavours to understand the needs and difficulties of employees throughout their life cycle and to meet their expectations in order to contribute to their full development, enable them to reach their full potential and maintain their motivation.





5.1.1 Culture and Values

Journey of cultural transformation: mission, values and behaviour

Once the restructuring phase was over, novobanco embarked in a phase of cultural transformation in which it aims to create an inclusive culture where all employees can learn, grow and realise their potential.

In this context of cultural transformation, novobanco has developed a project with a multidisciplinary team, deployed in three phases:

1. Assessment of the current cultural state and dissemination of the strategy

2. Defining the future and drawing up a detailed plan to achieve it

3. Implementation and presentation of the Mission and Values, involving the entire organisation

For novobanco, listening to all voices is essential to creating and maintaining a culture that is inclusive and open to dialogue. All employees have something to say and all contributions are important in moving the organisation forward.

In 2023, novobanco reinforced its openness to dialogue and its internal culture of transparency with the "Your VOICE Counts" concept, which encourages all employees to feel comfortable expressing their opinions freely or reporting inappropriate behaviour. To this end, the channels for promoting a culture of ethics have been renewed and participation can be anonymous or identified:

- **whispli platform,** to safely report inappropriate behaviour and situations or activities that are not in line with novobanco's guiding values
- **"Your voice counts" form,** to give voice to suggestions for improvement, ideas or comments from employees, with the aim of improving communication and collaboration between teams, projects or processes

Mission

novobanco's mission and values have been developed by actively listening to its employees, guiding their decisions and behaviour on a daily basis, and ensuring sustainable growth and positive performance.

novobanco's mission:

"To be the trusted bank that supports families and businesses throughout their lives"

is aimed at building a lasting relationship of trust. novobanco affirmed its mission and values through an internal campaign with the message "It's now", in which employees voluntarily participated as protagonists and which was launched at a hybrid event attended by over 3,000 employees.

Values

- Putting **customers first:**
  We are dedicated to supporting their needs, wills, dreams and desires and we invest in our people so that they put excellence into everything they do.
- Embracing **Ethics and Inclusion:**
  We always act ethically and do the right thing. We always respect each other and encourage everyone to be themselves.
- Acting with **Trust and Transparency**:
  We are open and honest. We give a clear view of decisions, the reasons for those decisions, either when we succeed or when we fail.
- Promoting **Simplicity every day:**
  We seek simplicity as a way of ensuring clarity and efficiency when dealing with complex situations.
- Cooperating **with each other:**
  We work together harmoniously for collective success and take pride in our teamwork.

5.1.2 How we convey the message

During 2023, novobanco continued to invest in its communication through live events broadcast via Teams, or in hybrid format, holding Quarterly Fora, which permit to reach all the bank's employees, at the same time, and anywhere in the country.

The Quarterly Fora are events organised by the Board of Directors and, in particular, by the CEO, at which the bank's strategy is shared, periodic results are presented, relevant strategic projects are discussed and employees have the opportunity to participate and have their questions answered, thus reinforcing transparency, clarity and two-way communication and bringing management closer to all employees.

To help convey the message and the culture and values of novobanco, a meeting was organised in a hybrid format which was attended by more than 3,000 employees, and a network of employees - Shapers - was also created to promote and influence the bank's cultural transformation. The Shapers come from different parts of the Bank, are of different ages and levels of seniority, but have one thing in common: they embrace change and have a mobilising spirit.

Using a visual, dynamic, participatory and informal methodology (Learning Map), they are committed to telling the story of novobanco, explaining the reasons for this cultural change and novobanco's strategy for the future, based on its mission and values. In 2023, during the soft launch phase, 54 sessions were held by 53 shapers, involving 567 employees. The objective for 2024 is to involve all the employees of the novobanco Group in this dynamic, with the expectation that all the Bank's employees will be covered by the end of March 2024.

With the aim of simplifying and optimising processes and tasks, saving time, and obtaining gains and better results, novobanco is relaunching an internal area for sharing knowledge and experience - the "Knowing Well, Doing Well" team meetings. Informal 30-minute sessions, open to all employees of the bank, creating moments for teams to come together and find synergies in the sharing of knowledge.

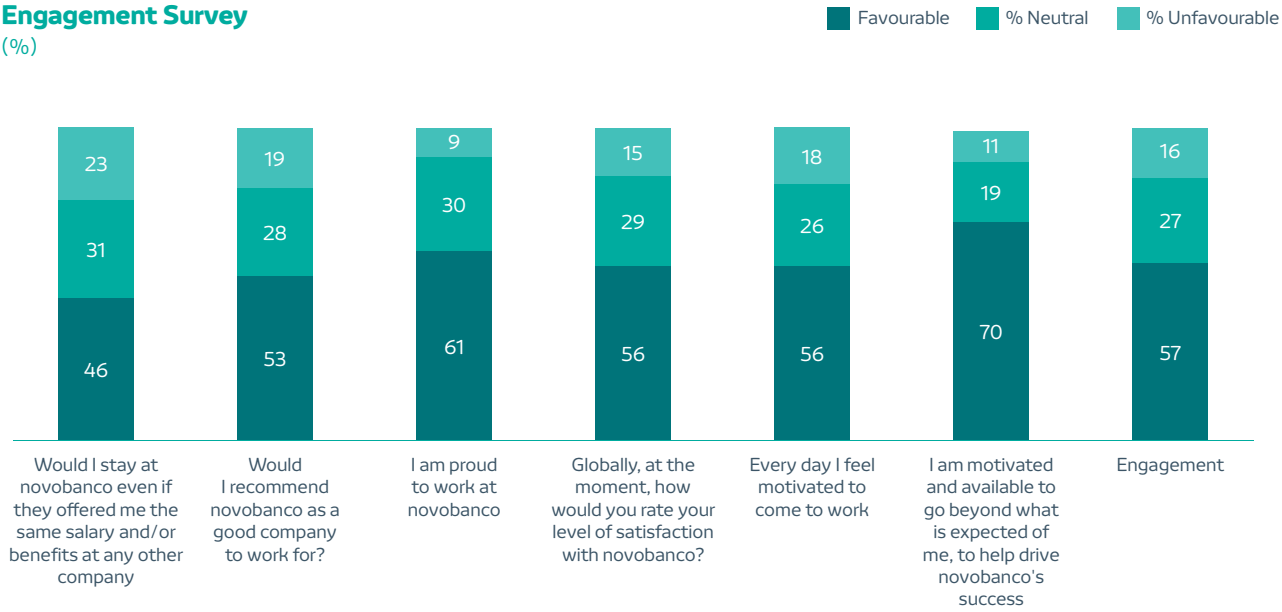
5.1.3 How we measure

An Engagement Survey - Pulse, one of the Bank's main tools for analysing the organisational climate, is carried out every six months. The participation rate at novobanco was around 86% and the favourability rate for employee engagement was 57%, in line with the figure observed in 2022.

At novobanco dos Açores, the favourability rate for employee engagement increased by 5 p.p. compared to the survey conducted in September 2022, reflecting the results of the various initiatives developed in different areas, which have made employees feel that novobanco dos Açores is their second home.

At Banco Best the favourability rate for employee engagement was 65%, up by 4 p.p. on the results of the survey conducted in September 2022.

Engagement Survey
(%)



5.2 Talent Development

5.2.1 Attracting and retaining talent

Attracting and retaining talent continues to be one of our major challenges. Several initiatives have been put in place to promote the personal and professional development of all potential and current employees, from when they are spotted and captured in the market to their retention as employees of novobanco.

To this end, the following 4-step model has been implemented:

1. CAPTURING TALENT
Responding to the Bank's need to recruit and rejuvenate its staff, while providing young students with new skills to enrich their CVs and expand their network of contacts:

- **Talent attracts talent:** in 2023, several young graduates were recruited for a 9-month professional internship programme, spread across different departments. In November 2023, 9 of these young people were integrated into the bank's workforce.

- **novobanco UP:** a programme for young university students with the duration of one month. In the 2023 edition, held between July and September, a total of 84 participants attended this programme, taking the opportunity to have an approach to active life and paid professional experience during the summer holidays.

2. INTERNAL MOBILITY
Stimulating the career development of each employee throughout his or her professional path. One of the instruments to achieve this is a programme that enhances the Group's human capital and enables its employees to embrace new challenges and opportunities for individual development and progress.

- **In 2023**, 23 employees changed roles, thus enabling and contributing to the development of a more motivating work environment that promotes talent retention.

3. PERFORMANCE ASSESSMENT
Assessing the performance of the employees through a cross-cutting system ("My Portal"), which includes a personal development programme where each employee can define his or her objectives for continuous improvement in the performance of their functions. The Performance Assessment is conducted annually and focuses on two sides: objectives and skills, which are linked to a set of observable behaviours. Performance assessment is an important tool for aligning organisational strategy with team and individual performance, supporting constructive and ongoing feedback between each employee and their line manager.

- **"My Portal"** is also available on the AppRH (human resources App), a new intuitive mobile tool that facilitates and speeds up access to the employees through their smartphone.

4.TRAINING

Promoting continuous development to ensure the necessary skills to achieve the objectives that the Group has set out to reach. We provide training solutions that enhance the contribution of the employees, continuing to invest consistently in the design and adoption of distinctive and motivating training, enabling the improvement of performances and the development and evolution of novobanco's employees. Employee development justifies increasing the investment in their continuous training. This ensures the acquisition and updating of the necessary skills to achieve the best professional performance. In order to ensure adequate training, the Group organised a total of 169,400 hours of training, or 40.3 hours per employee, in the following areas of knowledge:

- **Leadership Training Programme** - As part of its Leadership Academy, novobanco continued to invest in a 50-hour leadership programme for all its 1st and 2nd lines (more than 200 managers participated). This programme, designed in partnership with Nova SBE, makes a precursory approach to the reality of the Bank and its current challenges. In its construction, there was a concern to promote the alignment of key skills for a modern leadership, which integrates the knowledge and tools necessary to manage new work models, to lead diverse teams and to deal in the best way with the new challenges facing the banking sector. Through the implementation of this programme, novobanco aims to strengthen a collaborative spirit among leaders, as well as to foster the continuous development of an agile, cooperative and effective organisational culture that provides a positive work space for all. The programme combines different methodologies and practical approaches, promoting curiosity, innovation and a synergic vision of the topics discussed.
- **ESG Training** - In 2023, due to the strategic importance of the topic, it was decided to renew the investment in ESG-related training for all the Group's employees. This training initiative focused on the importance of this issue in transforming business models across the economy through the incorporation of ESG criteria, with a particular focus on the financial sector, which is subject to a strict regulatory framework.
- **Mandatory Training** - Provides the indispensable knowledge that all our professionals, each in their different jobs, must have in order to perform their functions correctly. These training initiatives focused mainly on the Markets in Financial Instruments Directive, the Insurance and Reinsurance Distribution Act, the Mortgage Credit Marketing Directive, the Prevention of Money Laundering and Terrorist Financing, Conflicts of Interest, Related Parties, Pari & Persi (Action Plan for Default Risk & Out-of-Court Procedure for the Regularisation of Defaults) and Information Security.

5.2.2 Gender Equality, Equal Opportunities and Inclusion

5.2.2 Gender Equality, Equal Opportunities and Inclusion
The issue of gender equality, equal opportunities and inclusion remains a strategic priority on the novobanco Group's agenda, and the bank has developed a specific plan to reduce inequalities. The Group continues to consolidate the foundations for long-term sustainability, taking measures to promote inclusion and equality, with a priority focus on decision-making and management positions.

Gender parity is a reality at novobanco Group, with women representing 54.2% of the workforce. There is a positive trend in the representation of women in management, with the number of women in managerial positions increasing from 36.2% in 2022 to 38.7% in 2023, but there is still a need to strengthen the gender balance in top management, where representation has increased to 17.6%, but is still below the 20% target set in the Selection Policy for Management and Supervisory Bodies. With regard to the indicator that assesses the representation of the under-represented gender in Board of Directors and first line senior leadership positions, the share of women is 27.3%.

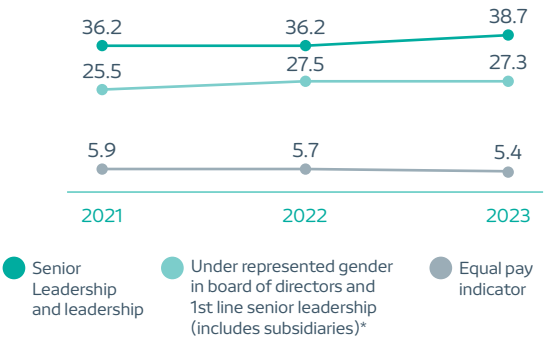
There were also positive developments in the equal pay indicator (equal pay for equal work), which fell to 5.4%, in line with the target, and in the unadjusted pay gap indicator, which fell to 18%.

novobanco maintains an active participation in the community, namely taking part in the iGen Forum for Gender Equality and the UN Global Compact, and is developing a gender strategy for 2024.

Diversity in the novobanco Group is also revealed by the integration in its workforce of employees with a level of disability of more than 60%, as provided in Law no. 4/2019. The bank's internship programme already includes a quota for people with disabilities. This action is part of other social wellbeing and diversity initiatives, including the Salvador Association's Quality of Life Award and support for Visão Braile magazine, both of which are supported by the bank.

More information can be found in Chapter 7 (Social Indicators) and Chapter 3 (Social wellbeing) of this report.

Under-respresented gender
(%)



*Scope of the Novobanco Group includes: Boar of Directors of novobanco Group companies (novobanco + novobanco dos Açores Banco Best GNBGA) + novobanco first line senior management.

How we embrace equal opportunities and gender equality

5.2.3 New Working Methods and Tools

In anticipation of the move to the new headquarters on novobanco Campus, the Bank established a new working culture in 2023, based on a hybrid working model and team agreements that allow the implementation of new ways of working:

+ COLLABORATIVE - encouraging social interaction among People and teams, discussion of ideas and co-creation. Encouraging greater proximity to management.

+ FLEXIBLE - making interpersonal relationships, workspaces and clothing even more informal. And encouraging people to work where it's most convenient.

+ SUSTAINABLE - encouraging more sustainable and ecological behaviour, with a positive impact on the Community.

+ FOCUSED ON PEOPLE'S WELLBEING - giving them more freedom and confidence and helping them to balance their personal and professional lives.

These **new ways of working**, implemented in the central teams, are based on:

- a **hybrid and flexible working model** that aims to promote a balance between face-to-face and remote work, while guaranteeing the importance of interaction between teams in a face-to-face environment through a minimum presence in the office of 8 days per month.

- the ability to make **entry and exit times more flexible** within the context of the team, or on the adoption of an interspersed schedule of face-to-face and non-face-to-face work.

- and also on the **flexibility of the workplace**, which no longer necessarily has to be the employee's home, but can be another location agreed between the employee and the bank.

This new model also brings with it **new working routines.**
- **Trips to the office** take on a new meaning, bringing teams closer to each other and to the culture of novobanco. Individual, more demanding and concentrated tasks are left for non-face-to-face work, always guaranteeing the confidentiality of information.

- Team meetings also serve a purpose. Their timing, nature, participants and ideal frequency are now well defined, as are their objectives, which must be clear and pre-defined.

- And finally, **new tools and suitable spaces** that guarantee the same level of exposure, participation and involvement for everyone, whether they are physically present or work remotely.

Aware of the need for these new tools, as well as the need to simplify processes and streamline the activities of its employees, novobanco has launched a series of initiatives to provide its constantly evolving services with greater online freedom and flexibility for day-to-day tasks:

i) replacement of landlines with mobile phones, with improved data packages for all employees;

ii) allocation of new headsets with better communication and usage conditions for daily use;

iii) replacement of laptops and provision of new, more advanced and higher capacity monitors to ensure quality of work for employees;

iv) meeting rooms equipped with new audiovisual systems to enable hybrid meetings and increase team productivity.

5.2.4 Innovation and Ideas Lab

The Talent and Innovation Laboratory returned in 2023 with a new edition (LTI 2.0), as a token of novobanco's commitment to innovation. LTI 2.0 seeks innovative responses to specific challenges.

- **Silver Economy Ecosystem:** how can novobanco help senior clients make smarter decisions, going beyond financial services to create an ecosystem of partnerships to better serve them?
- **Payments:** how can novobanco create new forms of payment with differentiated user experiences? What value-added services can it offer customers, using information about payments?
- **Embedded finance:** how can novobanco distribute its financial services through non-financial partners? how can it embed its services in other digital journeys and take advantage of the subscription economy?
- **Micro and SME ecosystem:** how can novobanco create a truly integrated and digital experience for our corporate clients? what complementary services can novobanco add to meet the overall needs of micro businesses?
- **+1 Open challenge:** beyond all the proposed challenges, how is novobanco preparing for the future and for a new reality in financial services? how does it turn new regulatory requirements, such as on ESG, into opportunities?

In 2023, LTI 2.0 had 113 applications, of which 66 with ideas. 68 employees were involved in developing the ideas since Pitch Day, and 3 ideas went through the proof-of-concept phase and are currently in the pilot phase at novobanco.

5.3 Value proposition for employees

5.3.1 Reconciling personal and professional life and focus on wellbeing

Each one of novobanco's employees is an essential element in creating sustainable value for the bank and the community. novobanco thus actively seeks to improve the wellbeing of its employees on a day-to-day basis and has a specific area dedicated to this: the Wellbeing and Employee Experience area.

Wellbeing is understood as a set of areas that, depending on the individual and the context in which they live, represent a state of complete physical, mental and social wellbeing. In order to provide the best employee experience and achieve this objective, novobanco develops and promotes innovative initiatives, measures and projects aimed at achieving the best levels of wellbeing, from a holistic perspective that goes far beyond the "professional" experience, promoting a complete and balanced experience in the different aspects of life.

This value proposition also includes a range of benefits that contribute to boost life quality in a broader sense. These benefits include various measures to promote reconciliation of work, personal and family life, social responsibility, financial balance, healthy lifestyle, promotion of knowledge and socialisation.

In defining its wellbeing policy, novobanco adopted the eight dimensions detailed below, which it considers to be the closest to the socio-demographic characteristics of its human capital and the most appropriate for reconciling personal and professional contexts:

1.PHYSICAL WELLBEING
Promoted through occupational safety, preventive medicine, curative medicine, novobanco's food services, physical exercise and literacy activities that enable Employees to make informed and responsible choices.

Employees, both active and retired, have three canteens at their disposal where they can have low-cost, nutritionally balanced meals for lunch, with nutritional information (nutritional traffic lights) provided for each dish (3 to 4 options). As well as providing lunch, the aim was to encourage employees to make healthier food choices. Awareness-raising activities and food workshops are also held in these privileged dining areas.

In 2023, allergen information was added to the menus. Information on the presence of the most common food allergens is thus clearly and visibly displayed on all food products.

With this information, employees can make appropriate and informed choices.

2. MENTAL WELLBEING
Provided through free psychiatric and psychological consultations, as well as a strong investment in mental health literacy and tools to support prevention and the promotion of healthy habits in both personal and professional contexts.

One of the tools provided was the Basic Mental Health Kit, an online mini-course that brings together the essential information to look after your own mental health and that of those around you.

3. EMOTIONAL WELLBEING
Promoted through the teaching, practice and dissemination of good practice such as mindfulness and self-care.

4. SOCIAL WELLBEING
Promoted through events/experiences aimed at socialising and developing skills in this area. The novobanco volunteer programme also promotes this dimension of well-being.

5. FINANCIAL WELLBEING
Evident in the benefits that novobanco provides to its employees, whether in the form of specific banking services and credit solutions, or in the form of support for children's education and for coping with adverse contexts (such as the rise in inflation and interest rates this year).

Education support for children of active employees	Support for retirees
Special conditions on bank commercial offer	Specific support to fight inflation and increase of interest rates
Christmas hamper	Christmas presents for employees and their children and dependent stepchildren

In 2023, a total of €702,148 was allocated to support the education of children (Early Childhood, Children and Young People with Special Needs or Disabilities, and Scholarships) of 745 employees.

The amount of support for children and young people with disabilities or special needs was also increased this year, by €120/employee/year.

From a socio-economic point of view, 2023 was a particularly difficult year, marked by the continued rise in interest rates, rising inflation, social instability and the war scenario in Europe. In this context, and with a view to promoting the financial wellbeing of its staff, novobanco maintained the support measures introduced at the end of 2022 to mitigate the impact on family budgets:

- 410 employees benefited from an extension up to the age of 75 of the repayment period for mortgage loans under the CHPP-ACT (permanent mortage loan under the collective wage agreement) scheme (maximum tenor of 45 years).
- 305 employees transferred their permanent home loans (HPP) from the general scheme to the CHPP-ACT (maximum amount €50,000), benefiting from the subsidised rate, for a total amount of €7.6 million.
- 148 employees requested their Christmas bonus to be brought forward, starting from January 2023.

A new offer of individual credit solutions for employees was also launched, with more favourable conditions adapted to the associated purposes:

- **Standard Line:** for the purchase of a car, home improvements, purchase of goods and equipment for current use and other goods of a non-sumptuary nature.
- **Green Line:** for the purchase of electric cars and bicycles, solar panels and other environmental purposes.
- **Care Line:** intended for health and education expenses of the employee's household.
- **Social Line:** applicable only to situations of financial difficulty/expenses of an unforeseen and unavoidable nature.

6. FAMILY WELLBEING
fostered through the work-life balance programme, which includes the following measures:

To improve the work-life balance, in 2023 the Bank granted an additional 1 day's leave in recognition of the team effort to implement the Bank's restructuring plan and 2 days' leave during the Christmas period, for a total of 28 days' leave (including 25 days' leave provided for in the - Collective Wage Agreement - ACT).

Work and life balance measures	
Leave on special dates (Employee's birthday; birthday of children; 1st day of school of children)	Purchase of vacation days
Early Friday or Late Monday	Takeaway meals

7. INTELLECTUAL WELLBEING
Promoting initiatives aimed at the intellectual development of staff, namely through novobanco's Wellbeing Programme, the 5+ Programme, which focuses on the personal sphere, and the Academy, which focuses on providing technical and behavioural skills in the professional sphere. The Bank also actively promotes Culture across various fields, such as Art, Photography and Museums, and offers its staff access to these on favourable terms.

8. PROFESSIONAL WELLBEING
Developed through human resources practices based on flexible ways of working suited to the different functions and tasks, fostering the most appropriate working environment for each employee, and healthy working relationships that drive professional success.

5+ Programme

5+, novobanco's wellbeing programme, was launched on 22 June 2022, and was consolidated in 2023. Promoting the health and wellbeing of employees is the mission of this programme, which focuses on 5 objectives:

The 5+ programme includes several initiatives designed for the enjoyment of the employees, which can be dedicated to a "central theme" to be developed during the year, or specific themes for each month of the year. These initiatives offer employees moments of relaxation, the opportunity to deepen their knowledge with specialists, or simply to get to know different realities, new themes and activities that can lead to experiences and/or the adoption of behaviours that promote wellbeing in its various dimensions.

The theme of the month is the subject of a monthly lecture - **Lecture 5+** - broadcast live for everyone in the Bank and delivered by an expert in the field. This session is usually moderated by a member of the Human Capital department, and, to make it a better experience, everyone can participate by asking questions of the expert speaker.

Tips on the topic of the month (**5+ Tips**) are published every month in the form of suggestions or recommendations. The aim of these quick-read tips is to provide practical information certified by experts in the matters in question that foster the adoption of healthy behaviours and the capacity for self-care.

The 5+ Experiences are workshops, webinars, ateliers, awareness-raising activities of a practical and educational nature in different areas of extra-professional life: Food, Health, Physical Activity, Family and Home, Culture and Leisure, Emotional Management, Socialising, among others.

This programme also develops and launches **5+ Measures**, consisting of actions of an organisational nature, which seek to promote a healthier and more productive working environment and improve interpersonal relations between all functional and hierarchical levels of the organisation.

Self-care, Prevention, Change, Work-Life Balance, the (new) challenges of Nutrition, Socialisation and Mental Health were some of the monthly themes developed in the 5+ programme in 2023.

5+ programme

+ physical wellbeing

+ mental health

+ wellbeing

+ balance

+ happiness

Some figures for the 5+ programme in 2023

80	10	52	5,578	1,870
experiences (*webinars / workshops / screenings*)	5+ talks	5+ tips	participations	employees involved

novobanco's work in this area was recognised with the award for "Best Engagement and Communication" at the Wellbeing Awards 2023. This initiative, which recognises cases of excellence in the field of health and wellbeing in organisations intended to care for and value their human capital, has reinforced novobanco's positioning, which focuses on promoting the holistic well-being of employees through ongoing internal programmes and initiatives.

5.3.2 novobanco Campus

More than just a new office, the novobanco Campus will be the Group's new headquarters and a space for the future. Since 2021, novobanco has been preparing for this change, which represents the way it wants to position itself in the market and among its stakeholders.

It has been designed to meet the needs and expectations of all employees, with workspaces that combine technology, innovation and design with new ways of working.

THE NOVOBANCO CAMPUS SERVES THREE MAIN OBJECTIVES:

1. To be a more flexible space

- based on hybrid working models,
- with different work areas,
- with more efficient and collaborative technological means and tools,
- where the dress code is more suited to everyday work.

2. To be a more collaborative space

- a horizontal structure that promotes informal meetings,
- in an open space concept with no physical barriers to promote transparency,
- with different collaborative spaces that meet the need for privacy, confidentiality and collaboration.

3. To be a more sustainable space

- reborn from an existing structure,
- with green areas, less pollution and outdoor activities,
- where the aim is to adopt more efficient and cost-effective paperless and/or with no printing work processes,
- where the spaces, furniture, ergonomic equipment and support services are designed for the comfort of employees and mobility conditions are aligned with environmental concerns.

This change is also taking place alongside novobanco's employees. **A network of 80 ambassadors** has been set up to encourage change in their teams, and communicate and gather the feedback needed to make decisions. It's a network of employees who give their teams a voice and take part in joint discussions where they share ideas, opinions and questions from their colleagues. The Campus ambassadors are much more than the face of this period of transition and growth in the Bank; they are the voice of our teams.

~55000m^2
novobanco campus dimensions

1730
workplaces

102
meeting rooms

~1600
daily users

1000
parking places

~650
collaborative work spaces

~1400
daily meals

~100
charging posts

5.4 Volunteer Programme

The Volunteer Programme aims to develop and encourage the involvement of employees in community support actions that contribute to addressing socio-economic and environmental issues in the community. All the employees who wish to take part in these activities are given one day off per year, which can be divided into two periods (1/2 day for each activity), to dedicate to a cause. This programme also fosters a culture of empathy, generates learning opportunities through the sharing of knowledge and experiences, and the development of innovative solutions and ideas by promoting collaborative and team work. Through the actions developed under this programme, initiated in 2022, the Bank strengthened the sense of belonging of its employees, consequently increasing their wellbeing. A total of 406 hours were worked in 2023 in the various voluntary service activities, grouped into 4 sets:

REFORESTATION OF THE LEIRIA PINE FOREST	FOOD BANKS AGAINST HUNGER	DONATED GOODS BANK	ENTRAJUDA
Through its 100% and 360° accounts, novobanco supported AMI's Ecoethics project, which rehabilitates and reforests areas severely affected by forest fires. It brought together customers and employees in Pinhal de Leiria, planting 5 thousand trees.	The employees participated in Food Banks Against Hunger in Faro, Lisbon, Porto and Viseu, supporting a solidarity ecosystem that distributes 2 million meals a day to private social solidarity institutions across the country.	The employees sorted and organised non-food items received by the Donated Goods Bank to be distributed to social organisations, and through these, to help people in need.	The employees participated in the CONHECER project, a knowledge programme on the correct distribution of goods and services donated, designed for the institutions supported by Entrajuda and the Food Banks, helping them to help the most needy.

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6 DEVELOPING SUSTAINABLE PERFORMANCE

6.1. Sustainability governance

To the novobanco Group it is essential to conduct its activity with the firm resolve to give a positive contribution to the entire ecosystem within which it operates. This course of action requires a robust governance model, sustained by policies and principles of ethics and transparency that ensure effective and prudent management.

6.1.1 Governance Model

An effective governance structure is fundamental to ensure the good execution of the strategy. Climate-related issues are managed by novobanco in line with our Sustainability Governance Model, which establishes clearly defined roles for the identification and analysis of the associated risks and opportunities and guarantees an effective response to climate challenges.

The novobanco Group recognises that progress in terms of sustainability requires solid governance and an organisational model that guarantees the success of its implementation, ensuring accountability, mobilisation and alignment at all levels of the organisation. Under this premise, and to ensure adequate coordination of this issue, in 2022 the Group revised its sustainability governance structure, which comprises the following bodies:

- **Executive Board of Directors**
  The Executive Board of Directors (EBD) takes direct responsibility for managing climate risks, actively engaging in strategy formulation and action planning. Oversight of these activities is provided by the General and Supervisory Board (GSB).

- **The Sustainability Steering,** created in 2021, prepares the background for effective management decision-making on sustainability-related issues.

The Sustainability Steering brings together the various companies of the novobanco Group and the departments responsible for integrating ESG into the bank's various activities, being supported by a dedicated team that coordinates novobanco Group's ESG approach, by the ESG Office and by the Global Risk Department. This Steering meets on a monthly basis and includes the four executive directors responsible for the ESG, Risk, Credit and Corporate Segment areas. The CEO and a member of the General Supervisory Board also attend its meetings on a quarterly basis.

In 2023, the ESG Steering met 11 times during the year to ensure that ESG issues were integrated across all business lines and activities.

SUSTAINABILITY STEERING

Given the high pace of transformation in all matters of Sustainability, ESG and Climate and Environmental Risks, this monthly forum promotes efficient decision-making and the preparation of management and supervisory decisions on all sustainability-related issues, thus adding the environmental, social and governance element to the traditional economic dimension, to ensure:

- The definition of the strategy, positioning and action plans related to sustainability issues and their alignment with the action plans of the group's different operations and business areas;
- The integration of ESG issues in all business lines and activities, with delegated decision-making and approval powers on matters included in the ESG and Climate and Environmental risk implementation plans;
- The monitoring of the development and implementation of the action plan and initiatives defined;
- The coordination of the teams appointed to support the implementation of the ESG action plan;
- The assessment of the initiatives' impact and main indicators' performance against the defined ambition;
- The coordination of the liaison with all relevant stakeholders and the reporting on performance through the different internal and external communication channels.

- **ESG Office** - Structure dedicated exclusively to the ESG issues of the novobanco Group, whose mission is to promote the integration of sustainability principles into the Group's organisation, strategy and activities. At the same time, it supports the Bank's business and risk management, collaborating both in the development of commercial products and initiatives and in the development of risk methodologies and controls. The ESG Office is responsible for overall coordination of the Bank's ESG strategy, including the implementation of various internal initiatives. It also provides guidance to the management and supervisory bodies on all ESG-related matters.

The Risk Management Function (Global Risk Department) is responsible for the overall risk processes, which include risk monitoring and assessment, as well as the development of the policies, methodologies and data required for this purpose.

We have also created a PMO - the ESG Project Management Team - to support the ESG Office and all the departments and teams involved in the transformation phase of the strategic plan, with the aim of increasing the capacity and pace of delivery during the transformation period and broadening the organisational commitment.

The governance and organisational model for integrating ESG issues into the business and managing climate, environmental, social and governance risks is cross-functional within the organisation and based on two fundamental principles:

- To identify all existing or planned activities that are affected or changed by the ESG programme;
- To formally establish an operating model leveraged on the existing structures, with roles and responsibilities allocated to the different Group structures across their ESG journey.

6.1.2 Our ESG Policies

Compliance with the ESG strategy and objectives defined by the novobanco Group can be achieved through business management based on behaviours that everyone values, believes in and practices. Therefore, the ESG commitments are underpinned by various policies and principles that define the Group's culture and describe the principles and steps to achieve the defined purposes.

In 2023, we highlight the publication of two new policies focusing on financing:

Green Financing and Investment Classification Policy

One of novobanco's commitments to sustainability is "green" financing and investment, which involves the financing of our customers' transition.

To achieve a sustainable performance, it is necessary to increasingly embed ESG into the business. This is why direct and active support to clients in their energy transition and their journey towards low-carbon and more sustainable business models is a strategic priority. Financing and investments intended to support business activities that contribute to environmental sustainability and the Sustainable Development Goals, and which contribute significantly to at least one of the objectives of the European Taxonomy, namely climate change mitigation or adaptation, are considered eligible for classification as green financing by novobanco.

These are some of the activities that may be concerned in this respect:

ACTIVITY	DESCRIPTION	SDG's
AGRICULTURE, FORESTRY, FISHERIES AND LIVESTOCK	• Sustainable agriculture • Forestry and nature conservation • Sustainable Livestock and Aquaculture	12, 14, 15
ENERGY	• Production of energy from renewable sources • Energy production through cogeneration • Renewable energy storage and distribution	7, 9, 13
WATER, WASTE TREATMENT	• Sustainable waste management and recycling • Sustainable water supply and sanitation	6, 11, 12
INDUSTRY	• Manufacture of renewable energy technologies • Products and services that enable energy savings in industrial processes • Manufacture of energy efficient equipment for buildings	7, 12
REAL ESTATE	• Construction, acquisition of green buildings • Improvement works to green buildings • Sustainable equipment, such as energy efficient heating and air conditioning	7, 9, 11
TRANSPORTATION	• Sustainable land transport • Sustainable water transport • Sustainable transport infrastructures	9, 11
INFORMATION AND COMMUNICATION TECHNOLOGIES	• Solutions to reduce CO_2 emissions • Energy saving technology and software	9, 12
OTHER CLIMATE CHANGE MITIGATION AND ADAPTATION ACTIVITIES	• Reduction, prevention and sequestration of CO_2 emissions • Biodiversity projects	7, 12, 13, 14, 15

These are summarised below:

A) FINANCING TO COMPANIES

- **"Green Corridor"** for commercial transactions considered to be aligned with the European Taxonomy Transactions for which it is not necessary to define the specific purpose of the financing, with companies whose activity is classified in the CAE (Classification of Economic Activities) or BICS (Bloomberg Industry Classification System), such activity, according to an internal analysis, being strongly aligned with the European Taxonomy.

- **Financing with a specific purpose**
  Transactions in the form of Project Finance, Green Bonds/Loans, and Sustainability Bonds will be considered. Their conditions are assessed on a case-by-case basis, based on the collection of technical information supporting the transaction, namely Green or Sustainability Bond Frameworks and Second Party Opinions (SPO).

- **Financing with no specific purpose**
  Operations in the form of Commercial Paper, Sustainability-Linked Bonds (SLB) and Sustainability-Linked Loans (SLL) of companies or projects whose activity can be considered sustainable according to the European Taxonomy will be considered.

  If the financing does not have one of the above classifications, but the company is mature on ESG and aligned with the European Taxonomy, the financing or a percentage of it will be considered green, and its conditions are assessed on a case-by-case basis, based on the collection of technical information supporting the transaction

- **Real Estate Financing**
  Financing operations for the construction, renovation or acquisition of real estate that has obtained (or will obtain through the construction or renovation project) an energy certification level of A or higher, will be considered. Internationally recognised BREEAM and LEED classifications will also be taken into account, as they ensure compatibility with at least energy certification level A.

B) FINANCING TO INDIVIDUALS

- **Residential Mortgage Loans**
  Mortgage loans for the acquisition, construction or renovation of properties that have obtained (or will obtain through the construction or renovation project) an energy certification level of B or higher, will be considered.

- **Personal loans**
  Car loans for the purchase of electric or hybrid vehicles are considered, as are personal loans for the purchase of renewable energy generation equipment.

The analysis of the information (concerning with the product and with the credit) and the decision to consider a loan as green is independent of the origination/ business area. The model and criteria for classifying green financing and investments at novobanco are approved by EBD . The Sustainability Steering also monitors the amount of new green operations on a monthly basis (and other information like price).

Financing Principles – Exclusions and minimum safeguards

Considering sustainable development to be a fundamental element in sound economic management, as set out in the Group's Sustainability Policy, and intending to develop its activities in accordance with the taxonomy defined by the European Union for the financial sector and in alignment with the principles of the United Nations (UN) Global Compact, the Universal Declaration of Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the main International Labour Organisation (ILO) Conventions, novobanco, in its financing and investment activity, excludes and imposes conditions on certain sectors and projects. Exclusions and limits are set out in the internal Risk Appetite and Credit Risk policies.

These policies aim to:

- Promote ethical and transparent business conduct aimed at long-term value creation;
- Integrate environmental, social and governance principles into the business, based on the definition of material issues and SDGs identified through stakeholder consultation;
- Apply the commitments made by integrating them into the marketing of its financial products or corporate bonds as sustainable investments.

We consider the following to be excluded from financing:

- Companies that in any way carry out their activities using behaviours rejected by the novobanco Group or that do not comply with the Fundamental Principles and Rights at Work established by the International Labour Organisation and the International Bill of Human Rights, including forced labour, child labour or any form of inhuman treatment or threat thereof.
- Coal mining and energy production projects;
- Projects for the production or sale of arms and ammunition (unless related to national defence);
- Production or marketing of chemical, nuclear, and biological weapons or weapons of mass destruction;
- Activities related to prostitution or whose business model is based on pornography;
- Projects for the extraction of and international trade in wild species of threatened or endangered exotic fauna and flora;
- Any piracy-related activity.

To mitigate adverse environmental and social consequences stemming indirectly from its operations and to actively foster a sustainable economy, the novobanco Group commits to conditioning its financing and investments. Specifically, projects within sectors prone to significant negative impacts will undergo thorough evaluation to assess potential repercussions, as follows:

- Production and commercialization of military equipment: Restrictions on the production and sale of military equipment to companies and countries with controversial or autocratic political regimes and limited by national legislation and international conventions;
- Production and marketing of chemical products and substances: Restrictions on customers and production projects for dangerous chemical substances restricted by national legislation and international conventions.
- Crude oil and gas extraction: Restrictions on operations arising from oil and gas extraction projects or project extensions under the following conditions:
  - Extraction from unconventional sources;
  - Located in World Heritage Sites and IUCN (International Union for Conservation of Nature) Category I to IV Protected Areas.
- Production of nuclear energy: Restrictions on operations and projects related to nuclear energy production that do not comply with the Convention on Nuclear Safety;
- Extraction of metals and minerals with high environmental and social impacts: Restrictions on operations or projects related to the extraction, processing and marketing of minerals:
  - Extraction in conflict-affected and high-risk areas;
  - Rough diamonds from producing countries that are involved in conflict and do not have a Kimberley certification (licence to import and export rough diamonds);
- Timber harvesting and marketing: Restrictions on operations or projects for the extraction and marketing of timber from tropical and native forests that have a negative impact on the environment:
  - Illegally harvested timber;
  - Timber from forests converted to plantations or non-forestry uses;
  - Timber from forests where high conservation values are threatened by deforestation;
  - Forest-sourced products of categories considered unacceptable by the Forest Stewardship Council (FSC).

FINANCING PRINCIPLES – SECTORS AND ACTIVITIES_EXCLUSIONS AND MINIMUM SAFEGUARDS

Principles that establish that the bank does not finance or invest in companies that comply with the ILO Principles and Rights, the sectors and activities that are excluded from financing (excluded from the Risk Appetite and Credit Risk Policies).

https://www.novobanco.pt/content/dam/novobancopublicsites/sustentabilidade/Financing%20Principles_Sectors%20and%20activities_exclusions%20and%20minimum%20safeguards%20.pdf.coredownload.inline.pdf

SUSTAINABILITY POLICY

Guiding principles of the Group's ESG actions and commitments to integrate sustainability into the business model.

https://www.novobanco.pt/content/dam/novobanco-publicsites/sustentabilidade/docs/SUSTAINABILITY%20POLICY%202022.pdf.coredownload.inline.pdf

CODE OF CONDUCT

Principles that steer the Group's activity, promoting ethical conduct, respect for and compliance with all applicable laws and regulations, supported by transparent relationships with all stakeholders.

https://www.novobanco.pt/content/dam/novobancopublicsites/sustentabilidade/docs/Code%20of%20Conduct.pdf.coredownload.inline.pdf

REMUNERATION POLICY OF NOVOBANCO EMPLOYEES

https://www.novobanco.pt/content/dam/novobanco-publicsites/sustentabilidade/docs/Remuneration%20Policy%20for%20Staff%20Members.pdf.coredownload.inline.pdf

REMUNERATION POLICY OF THE MANAGEMENT AND SUPERVISORY BODIES

https://www.novobanco.pt/content/dam/novobanco-publicsites/sustentabilidade/docs/Remuneration%20Policy%20for%20Management%20and%20Supervisory%20Bodies.pdf.coredownload.inline.pdf

GREEN FINANCING AND INVESTMENT CLASSIFICATION POLICY OF NOVOBANCO

Principles that establish classification for funding and investments that are intended to support commercial activities that contribute significantly to at least one of the objectives of the European Taxonomy.

https://www.novobanco.pt/content/dam/novobanco-publicsites/docs/pdfs/sustentabilidade/Green%20Financing%20and%20Investment%20Classification%20Policy_novobanco.pdf.coredownload.inline.pdf

NON-DISCRIMINATION AND GENDER EQUALITY POLICY

Principles of non-discrimination and promotion of equality, namely prohibiting discriminatory practices on the grounds of gender, race, colour, creed, socio-economic conditions or sexual orientation.

https://www.novobanco.pt/content/dam/novobancopublicsites/sustentabilidade/docs/pol%20de%20igualdade%20de%20oportunidades%20UK.pdf.coredownload.inline.pdf

GUIDING PRINCIPLES OF THE VOLUNTEER PROGRAMME

Establish preferential areas for action aligned with the sustainability strategy, with conditions to stimulate participation in the programme.

https://www.novobanco.pt/content/dam/novobanco-publicsites/sustentabilidade/docs/Voluntariado%20novobanco%20site%20uk.pdf.coredownload.inline.pdf

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

https://www.novobanco.pt/content/dam/novobanco-publicsites/docs/pdfs/compliance/ingles/Politica%20PSC_site_ENG.pdf.coredownload.inline.pdf

CONFLICTS OF INTEREST POLICY

https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/compliance/PCI_NB_ENG.pdf.coredownload.inline.pdf

SUPPLIER RELATIONSHIP PRINCIPLES

Establish the minimum requirements, set not only to suppliers but also to the Group, with regard to business practices, health and safety at work, ethics and environmental management.

https://www.novobanco.pt/content/dam/novobancopublicsites/sustentabilidade/docs/Principios%20Relacionamento%20com%20Fornecedores_ENG.pdf.coredownload.inline.pdf

HUMAN RIGHTS POLICY

Principles of respect for human rights and procedures to deal with any transgression of these rights.

https://www.novobanco.pt/content/dam/novobanco-publicsites/sustentabilidade/docs/Pol%20Direitos%20Humanos%20UK.pdf.coredownload.inline.pdf

ENVIRONMENTAL STATEMENT

https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/sustentabilidade/declara%C3%A7%C3%A3o%20impacto%20ambiental%20uk.pdf.coredownload.inline.pdf

STATEMENT OF POSITIVE SOCIAL IMPACT

Commitments to environmental and social sustainability, which go beyond legal obligations and embody the positive impact sought by the Group in its relationship with all stakeholders.

https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/sustentabilidade/Declara%C3%A7%C3%A3o%20Impacto%20social%20positivo%20uk.pdf.coredownload.inline.pdf

WHISTLEBLOWING POLICY

https://www.novobanco.pt/content/dam/novobanco-publicsites/docs/pdfs/compliance/ingles/Whistleblowing%20Policy.pdf.coredownload.inline.pdf

POLICY ON HANDLING COMPLAINTS

https://www.novobanco.pt/content/dam/novobanco-publicsites/docs/pdfs/compliance/Pol%C3%ADtica%20Tratamento%20de%20Reclama%C3%A7%C3%B5es.pdf.coredownload.inline.pdf

RELATED-PARTY TRANSACTIONS POLICY

https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/compliance/ingles/PTPR_NB_24052021_VF%20Eng.pdf.coredownload.inline.pdf

For more information on ESG policies please see:

Novobanco > Sustainability > Our aproach and policies
Novobanco > About novobanco > Governance > Company Documents

6.2. ESG Risks

6.2.1 Approach to ESG risks

ESG risk management is integrated in novobanco Group's global sustainability framework, which comprises the following elements:

- The group-wide sustainability strategy, which sets the objectives, targets, and actions for the business areas, the internal governance, the internal control and risk management of internal activities (e.g., own operations) and for internal and external reporting.
- A public positioning, embodied in the ESG policies and principles that guide the bank's activities, but also in the commitments it has made, in which novobanco discloses its sustainability objectives and main practices, with emphasis on:
  a) reducing direct or financed GEE emissions, in line with the global objectives of the Paris Agreement;
  b) increasing the use of "sustainable finance" instruments, namely through its commercial offer and investment policies, channelling direct financial support for the transition of the Portuguese economy; and
  c) properly managing the risks of the climate transition by systematically identifying and controlling its main drivers;
- A governance and operational structure specifically adapted to this strategy, ensuring that the internal teams have the necessary expertise and approaches / work plans to ensure the fulfilment of novobanco's objectives.

Developments in the ESG risk component of the risk management system address three primary objectives:

- Compliance with regulatory requirements, namely those concerning the disclosure of non-financial information on the sustainability strategy and ESG risk management, with a special focus on climate and environmental risks;
- Effective alignment with regulatory and supervisory expectations in this area, and in particular, implementation of the European Central Bank (ECB)'s Guide on climate-related and environmental risks (C&E);
- Implementation of enhanced ESG risk management procedures adjusted to novobanco Group's activity, including:
  a) assessment and quantification of the materiality of these risks;
  b) routines for global monitoring of exposure to ESG risks;
  c) integration of specific controls for ESG risk factors into the business, steering risk exposure origination and monitoring - including the processes required to operationalise the European Taxonomy for sustainable activities; and
  d) implementation of risk assessment practices, using sensitivity analysis or scenarisation methodologies.

6.2.2 ESG risk profile

The definition of ESG risks focuses on the potential negative impacts deriving from the current or future effects of risk factors in clients and counterparties or in the Bank's assets and liabilities. Since 2020, these risks have been part of novobanco Group's internal taxonomy, focusing on the climate change component (and respective impacts on the traditional risk categories).

The following risk components are assessed:

- A climate and environment component (C&E risk): relating to the quality and functioning of the environment and natural systems, including elements relating to climate change, biodiversity, pollution, and waste management, to the extent that these elements may affect the performance or financial value of novobanco Group's counterparties, clients and assets.
- A social component: relating to social rights, wellbeing and the general interest of society and communities, including factors such as equality, health, inclusion, labour relations, health and safety at work, human capital and the community development.
- A governance component: relating to aspects of internal governance, including the management and supervisory bodies, internal organisation, remuneration policies, internal control, tax practices, conduct and transparency.

Each of these components is individually recognised and assessed for its impact on the other risk categories, with the main focus being on factors with an external origin, inasmuch as internal factors are already currently recognised and controlled by established processes (examples: internal factors relating to social aspects are managed and controlled by the reputational risk management policy; internal factors relating to governance aspects are controlled by the compliance policy; and internal factors relating to physical risk are recognised and controlled by business continuity policies and practices).

6.2.3 Strategy of alignment with the Paris Agreement objectives

The novobanco Group recognises the business opportunities inherent to the financing of an economy with lower levels of GHG emissions while simultaneously establishing enhanced controls for the more challenging exposures in terms of transition. Accordingly, it establishes business (and risk control) objectives based on the main variables of the financing of a less carbon-intensive economy, including:

- Adoption of sectoral policies (including exclusions and minimum safeguards) for those sectors with a special impact on the fulfilment of the Paris Agreement objectives;
- Establishment of general objectives for new green production to guide commercial and financial action, supported by a stronger structuring of green or sustainability-related products (including elements relating to guarantees or real estate collateral in the credit offer);
- Implementation of metrics for regular monitoring of the alignment of the Group's business portfolios, including quantification of financed GHG emissions (i.e., scope 3) and the use of estimates of alignment with the European Taxonomy for sustainable activities;
- Setting sectoral targets based on the SBTI methodology.

In this way, the novobanco Group has set itself the goal of gradually aligning its balance sheet with the general carbon emission reduction targets while at the same time limiting its exposure to transition risk.

6.2.4 Application of the European Taxonomy for Sustainable Activities

The novobanco Group recognises the centrality of the European Taxonomy for the integration of sustainability objectives into its business and, simultaneously, for improving the assessment and management of its clients' transition risk factors. Hence the risk management and control approaches are steered by the global aim of ensuring alignment with the Taxonomy criteria, promoting consistency between internal management procedures and the regulatory and prudential framework for sustainable banking activity.

EU Taxonomy Information Disclosure Principles

The EU taxonomy is a system for classifying activities that make a substantial contribution to the environment and sustainability. Article 3 of the EU Taxonomy Regulation 2020/852 sets out the criteria that an economic activity must meet in order to be considered environmentally sustainable. These criteria include: a) making a substantial contribution to one or more of the EU's six environmental objectives; b) without causing significant harm (DNSH - Do No Significant Harm) to the EU's other five environmental objectives, and c) simultaneously complying with minimum social and governance safeguards, and complying with the technical selection criteria for the EU's environmental objectives.

novobanco has been developing its internal procedures for the purposes of complying with the obligations, application and reporting, of the Taxonomy criteria, which include:

- Collection of information, throughout the credit granting processes, on the characteristics of customers, their activities and the guarantees received;
- Participation in national solutions with the aim of increasing the effectiveness of data collection with the quality and detail required for the purposes of the Taxonomy Regulation;
- Conducting internal analyses and applying methodologies that allow, on the one hand, to achieve the classification of sustainable and, on the other hand, to allow the Bank's management to monitor (on a monthly basis) the (sustainable) performance of customers and the guarantees received.

For this purpose, the provisions of that Regulation, its Delegated Acts and subsequent interpretations published by the European Commission (and/or Platform on Sustainable Finance) are taken into account, and all currently regulated environmental objectives are:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

In the following sections, novobanco Group complies with the disclosure obligations of the Taxonomy Regulation, based on the requirements of the Delegated Act - which complements Article 8 of the Taxonomy Regulation - Delegated Act 2021/2178, consolidated version on 1 January 2024.

The preparation of the taxonomy reports we present is based on the prudential perimeter of novobanco Group, which complies with the reporting for supervisory purposes of financial institutions, as defined in Regulation (EU) No. 575/2013 of the European Parliament and of the Council and Commission Implementing Regulation (EU) 2021/451 (FINREP).

In addition, the preparation and disclosure of information is based on the Delegated Act supplementing Article 8 of the Taxonomy Regulation (Delegated Act 2021/2178, consolidated version as of 1 January 2024).

Substantial contribution to EU environmental objectives

novobanco supports a range of activities that make a substantial contribution to the EU's environmental objectives, namely by financing large companies that are subject to the Non-Financial Reporting Directive (NFRD) and already public presented their information in line with the taxonomy. The bank also contributes to this alignment by financing energy-efficient housing (aquisition or renovation) and low-carbon emission cars that meet the applicable criteria in terms of their contribution to climate change mitigation or adaptation.

DNSH - Do No Significant Harm

Counterparties with economically sustainable activities cannot significantly harm any of the six objectives (DNSH criterion). Fulfilment of this requirement is assessed on the basis of the taxonomy reports published by the companies themselves.
In the case of car financing, the limited data available on the recyclability of vehicles and their performance in terms of air and noise emissions does not allow an analysis of the alignment for this segment.

Minimum Social Safeguards

A requirement in the assessment of the environmental sustainability of economic activities is compliance with the minimum safeguards set out in Article 18 of the EU Taxonomy Regulation (Regulation EU 2020/852.

The purpose of the minimum safeguards established in the EU Taxonomy Regulation is that economic activities defined as and considered sustainable must a) respect human rights, including labour rights, b) not engage in corrupt practices and not commit tax offences.

novobanco includes a specific clause in its loan agreements with companies whereby these undertake to conduct their business and carry out their activities in accordance with sound and prudent management criteria and in compliance with the laws, regulations and standards applicable to their sector of activity, including the Fundamental Principles and Rights at Work established by the International Labour Organisation and the International Bill of Human Rights, without resorting to forced or child labour or any form of inhuman treatment or threat thereof.

With regard to mortgages and car loans, and taking into account the guidelines for assessing the alignment of these activities, compliance with the minimum social safeguards depends on information from third parties, namely the producers and/or suppliers of the products and/or services contracted by the direct counterparty; in this sense, and in the absence of the necessary information, it is not possible to confirm compliance with these criteria and, consequently, the alignment of the activities with the Taxonomy Regulation.

Description of the compliance with Regulation (EU) 2020/852 in the financial undertaking's business strategy, product design processes and engagement with clients and counterparties

As described in the previous chapters, the novobanco Group has been implementing a group-wide sustainability strategy, which comprises the operational implementation of the European Taxonomy, focusing on the following elements:

- Adoption of the Taxonomy, based on estimates, to ensure regular monitoring of the evolution trend of novobanco Group's balance sheet and portfolios;
- Definition of an internal concept of 'green investment', which is used to validate the technical conditions (of the operation and/or of the customer's activity) based on European Taxonomy criteria in order to determine the eligibility of the new business in terms of compliance with the minimum annual green production values (which already guide commercial action);
- Consideration of the objectives and criteria of the European Taxonomy in the design of new products and financing solutions;

- Definition of operational requirements for the implementation of the Taxonomy in lending and investment processes, including: a) establishment of client and transaction segmentation principles, to enhance the definition of the information to be collected; b) controls on the information provided by the clients; and c) adaptation of the information system for the collection and maintenance of the Taxonomy indicators;
- Development of methodologies for the adoption of processes to assess the climate & environmental risks of the Bank's customers and counterparties, which rely on information collected from customers;
- Application of the European Taxonomy requirements in the characterisation of the (real estate) guarantees received on loans granted;
- Setting in place practises to keep track and pass on legal and regulatory changes to allow for the adoption of any expected developments regarding the European Taxonomy.

Data Limitations

Public information or information provided directly by counterparties is required to assess the alignment and eligibility of activities to the taxonomy. However, due to the limited number of companies required to disclose non-financial information, the amount of information available is limited and that which is available mainly relates to data prior to the reference date of this report (2023). The alignment ratios used are based on publicly disclosed information from counterparties, provided by an external information provider.

At the same time, the lack of robust evidence to verify the alignment of loans with specific purposes, and in particular to validate the DNSH (do no significant harm) criteria and minimum social safeguards, makes it impossible to fully verify the alignment of the relevant loans with the Taxonomy.

In terms of the energy certification of real estate collateral, i.e. the Energy Performance Certificates (EPC), the Bank has several initiatives underway to obtain the EPC, namely in older credit operations (i.e., carried out at a stage when the mechanisms for the collection and digital characterization of EPCs were not yet implemented).

Taxonomy KPIs

Total Green Assets Ratio (GAR) = Taxonomy-aligned activities as a percentage of total assets.

The numerator includes financial assets of financial and non-financial companies subject to non-financial reporting requirements (NFRD).

The denominator includes the same exposures as the numerator plus other asset classes required by the Taxonomy Regulation (exposures to companies not covered by the NFRD, sovereign debt, central banks and the trading book).

The following tables are presented in accordance with Annex VI and Annex XII of the Delegated Acts:

0. Summary of KPIs to be disclosed by credit institutions under Article 8 of the Taxonomy Regulation

(mn€)		Total environmentally sustainable assets****	KPI Turnover	KPI CAPEX	% coverage (over total assets) ***
Main KPI	**Green asset ratio (GAR) stock - Turnover**	**155**	**0.39%**	**0.44%**	**0.35%**

		Total environmentally sustainable activities	KPI Turnover	KPI CAPEX	% coverage (over total assets)***
Additional KPIs	GAR (flow)	15	0.10%	0.10%	0.10%
	Trading book*				
	Financial guarantees	3	0.83%	5.50%	
	Assets under management				
	Fees and commissions income**				

* For credit institutions that do not comply with the conditions laid down in Article 94(1) of the CRR or the conditions laid down in Article 325a(1) of the CRR;
** Fee and commission income from services other than lending and asset management;
*** % of assets covered by the KPI in relation to the bank's total assets;
**** Total environmentally sustainable assets KPI based on CAPEX is 177Mn€.

1. |Assets for the calculation of the GAR (Green Asset Ratio) based on Turnover

(mn€)	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling
GAR - Covered assets in both numerator and denominator	21 161	150	150	0	5	1	0	0	0	0	150	150	0	5	1
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	21 161	150	150	0	5	1	0	0	0	0	150	150	0	5	1
Financial corporations	2 921	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	420	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UoP	393	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	3	0	0		0	0	0	0		0	0	0	0	0	0
Other financial corporations	2 501	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0	0	0
of which management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0	0	0
of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0	0	0
Non-financial corporations	1 748	150	150	0	5	1	0	0	0	0	150	150	0	5	1
NFCs subject to NFRD disclosure obligations	1 748	150	150	0	5	1	0	0	0	0	150	150	0	5	1
Loans and advances	1 025	110	110	0	0	1	0	0	0	0	110	110	0	0	1
Debt securities, including UoP	722	40	40	0	5	0	0	0	0	0	40	40	0	5	0
Equity instruments	1	0	0		0	0	0	0		0	0	0	0	0	0
Households	11 669	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which loans collateralised by residential immovable property	9 939	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which building renovation loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which motor vehicle loans	58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local governments financing	4 722	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other local government financing	4 722	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Collateral obtained by taking possession: residential and commercial immovable properties	101	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other assets excluded from the numerator for GAR calculation (covered in the denominator)	17 479	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-financial corporations	14 033														
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	13 145														
Loans and advances	12 212														
of which loans collateralised by commercial immovable property	2 630														
of which building renovation loans	0														
Debt securities	870														
Equity instruments	63														
Non-EU country counterparties not subject to NFRD disclosure obligations	888														
Loans and advances	192														
Debt securities	696														
Equity instruments	0														
Derivatives	600														
On demand interbank loans	314														
Cash and cash-related assets	179														
Other assets (e.g. Goodwill, commodities etc.)	2 353														
Total GAR assets	38 640	150	150	0	5	1	0	0	0	0	150	150	0	5	1
Other assets not covered for GAR calculation	6 182														
Sovereigns	372														
Central banks exposure	5 375														
Trading book	436														
Total assets	44 822	150	150	0	5	1	0	0	0	0	150	150	0	5	1
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations															
Financial guarantees	348	3	3	0	0	0	0	0	0	0	3	3	0	0	0
Assets under management	3 770	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1. |Assets for the calculation of the GAR (Green Asset Ratio) based on CAPEX

(mn€)	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling
GAR - Covered assets in both numerator and denominator	21 161	171	171	0	0	0	0	0	0	0	171	171	0	0	0
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	21 161	171	171	0	0	0	0	0	0	0	171	171	0	0	0
Financial corporations	2 921	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	420	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UoP	393	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	3	0	0		0	0	0	0		0	0	0		0	0
Other financial corporations	2 501	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0		0	0
of which management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0		0	0
of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0		0	0
Non-financial corporations	1 748	171	171	0	0	0	0	0	0	0	171	171	0	0	0
NFCs subject to NFRD disclosure obligations	1 748	171	171	0	0	0	0	0	0	0	171	171	0	0	0
Loans and advances	1 025	166	166	0	0	0	0	0	0	0	166	166	0	0	0
Debt securities, including UoP	722	5	5	0	0	0	0	0	0	0	5	5	0	0	0
Equity instruments	1	0	0		0	0	0	0		0	0	0		0	0
Households	11 669	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which loans collateralised by residential immovable property	9 939	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which building renovation loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which motor vehicle loans	58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local governments financing	4 722	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other local government financing	4 722	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Collateral obtained by taking possession: residential and commercial immovable properties	101	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other assets excluded from the numerator for GAR calculation (covered in the denominator)	17 479	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-financial corporations	14 033														
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	13 145														
Loans and advances	12 212														
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On demand interbank loans	314														
Cash and cash-related assets	179														
Other assets (e.g. Goodwill, commodities etc.)	2 353														
Total GAR assets	38 640	171	171	0	0	0	0	0	0	0	171	171	0	0	0
Other assets not covered for GAR calculation	6 182														
Sovereigns	372														
Central banks exposure	5 375														
Trading book	436														
Total assets	44 822	171	171	0	0	0	0	0	0	0	171	171	0	0	0
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations															
Financial guarantees	348	19	19	0	0	0	0	0	0	0	19	19	0	0	0
Assets under management	3 770	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

2. GAR by sector, based on Turnover

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
0729 - Mining and preparation of other non-ferrous metal ores	15	4			15	0			15	4		
1629 - Manufacture of other products of wood; manufacture of articles of straw and plaiting materials; cork industry	7	0			7	0			7	0		
1711 - Manufacture of pulp	41	3			41	0			41	3		
1712 - Manufacture of paper and paperboard (excluding corrugated)	8	0			8	0			8	0		
1721 - Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	13	0			13	0			13	0		
1920 - Manufacture of refined petroleum products and fuels briquettes	104	0			104	0			104	0		
2211 - Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	15	4			15	0			15	4		
2351 - Manufacture of cement	68	3			68	0			68	3		
2711 - Manufacture of pulp	2	0			2	0			2	0		
2892 - Manufacture of machinery for mining, quarrying and construction	5	1			5	0			5	1		
2910 - Manufacture of motor vehicles	20	0			20	0			20	0		
3020 - Manufacture of railway locomotives and rolling stock	8	1			8	0			8	1		
3511 - Production of electricity	108	106			108	0			108	106		
3514 - Trade of electricity	1	1			1	0			1	1		
4110 - Development of building projects	120	0			120	0			120	0		
4120 - Construction of residential and non-residential buildings	0	0			0	0			0	0		
4222 - Construction of networks for transmission and distribution of electricity and telecommunications networks	20	11			20	0			20	11		
4299 - Construction of other civil engineering projects n.e.c.	218	0			218	0			218	0		
4676 - Wholesale of other intermediate products	4	0			4	0			4	0		
4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	77	0			77	0			77	0		
5020 - Sea and coastal freight water transport	20	1			20	0			20	1		
5320 - Other postal and courier activities	10	3			10	0			10	3		
5920 - Sound recording and music publishing activities	27	0			27	0			27	0		
6499 - Other financial services activities n. e, except insurance and pension funds	1	0			1	0			1	0		
6820 - Renting of own or leased real estate	45	4			45	0			45	4		
7010 - Activities of head offices	19	1			19	0			19	1		
7112 - Engineering activities and related technical consultancy	5	5			5	0			5	5		
9609 - Other personal service activities n.e.c.	48	0			48	0			48	0		

2. GAR by sector, based on CAPEX

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
1629 - Manufacture of other products of wood; manufacture of articles of straw and plaiting materials; cork industry	7	1			7	0			7	1		
1711 - Manufacture of pulp	41	21			41	0			41	21		
1920 - Manufacture of refined petroleum products and fuels brique	74	25			74	0			74	25		
2351 - Manufacture of cement	50	8			50	0			50	8		
3511 - Production of electricity	103	99			103	0			103	99		
3514 - Trade of electricity	1	1			1	0			1	1		
4110 - Development of building projects	120	0			120	0			120	0		
4120 - Construction of residential and non-residential buildings	0	0			0	0			0	0		
4222 - Construction of networks for transmission and distribution of electricity and telecommunications networks	1	1			1	0			1	1		
4299 - Construction of other civil engineering projects n.e.c.	218	0			218	0			218	0		
4511 - Sale of cars and light motor vehicles	4	0			4	0			4	0		
4649 - Wholesale of other household goods	4	0			4	0			4	0		
4676 - Wholesale of other intermediate products	4	0			4	0			4	0		
4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	29	1			29	0			29	1		
6020 - Television activities	11	2			11	0			11	2		
6820 - Renting of own or leased real estate	11	0			11	0			11	0		
7010 - Activities of head offices	19	2			19	0			19	2		
7022 - Other business and management consultancy activities	70	1			70	0			70	1		
7112 - Engineering activities and related technical consultancy	5	5			5	0			5	5		
8211 - Combined office administrative service activities	18	3			18	0			18	3		
8299 - Other business support service activities n.e.c.	17	1			17	0			17	1		

3. GAR KPI stock based on Turnover

% (compared to total covered assets in the denominator)	2023														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.7%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.7%	0.0%	0.0%	0.0%	54.8%
Financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.6%
Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.5%
of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Non-financial corporations	8.6%	8.6%	0.0%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	8.6%	8.6%	0.0%	0.3%	0.1%	4.5%
NFCs subject to NFRD disclosure obligations	8.6%	8.6%	0.0%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	8.6%	8.6%	0.0%	0.3%	0.1%	4.5%
Loans and advances	10.7%	10.7%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	10.7%	10.7%	0.0%	0.0%	0.1%	2.7%
Debt securities, including UoP	5.5%	5.5%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	5.5%	5.5%	0.0%	0.7%	0.0%	1.9%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Households	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	30.2%
of which loans collateralised by residential immovable property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.7%
of which building renovation loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which motor vehicle loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.2%
Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.2%
Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Total GAR assets	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.4%	0.0%	0.0%	0.0%	54.8%

3. GAR KPI stock, based on CAPEX

% (compared to total covered assets in the denominator)	2023														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.8%	0.0%	0.0%	0.0%	54.8%
Financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.6%
Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.5%
of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Non-financial corporations	9.8%	9.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.8%	9.8%	0.0%	0.0%	0.0%	4.5%
NFCs subject to NFRD disclosure obligations	9.8%	9.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.8%	9.8%	0.0%	0.0%	0.0%	4.5%
Loans and advances	16.2%	16.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.2%	16.2%	0.0%	0.0%	0.0%	2.7%
Debt securities, including UoP	0.7%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.7%	0.0%	0.0%	0.0%	1.9%
Equity instruments	4.0%	4.0%		0.0%	0.0%	0.0%	0.0%		0.0%	4.0%	4.0%		0.0%	0.0%	0.0%
Households	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	30.2%
of which loans collateralised by residential immovable property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.7%
of which building renovation loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which motor vehicle loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.2%
Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.2%
Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Total GAR assets	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.4%	0.0%	0.0%	0.0%	54.8%

4. GAR KPI flow, based on Turnover

% (compared to flow of total eligible assets)	2023														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	9.6%	9.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.6%	9.6%	0.0%	0.0%	0.0%	0.1%
Financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Non-financial corporations	9.6%	9.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.6%	9.6%	0.0%	0.0%	0.0%	0.1%
NFCs subject to NFRD disclosure obligations	9.6%	9.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.6%	9.6%	0.0%	0.0%	0.0%	0.1%
Loans and advances	9.5%	9.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.5%	9.5%	0.0%	0.0%	0.0%	0.1%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Households	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which loans collateralised by residential immovable property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which building renovation loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which motor vehicle loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total GAR assets	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%

4. GAR KPI flow, based on CAPEX

% (compared to flow of total eligible assets)	2023														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	9.4%	9.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.4%	9.4%	0.0%	0.0%	0.0%	0.1%
Financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Non-financial corporations	9.4%	9.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.4%	9.4%	0.0%	0.0%	0.0%	0.1%
NFCs subject to NFRD disclosure obligations	9.4%	9.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.4%	9.4%	0.0%	0.0%	0.0%	0.1%
Loans and advances	9.4%	9.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.4%	9.4%	0.0%	0.0%	0.0%	0.1%
Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Households	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which loans collateralised by residential immovable property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which building renovation loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which motor vehicle loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total GAR assets	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%

5. KPI off-balance sheet exposures based on Turnover

% (compared to total eligible off-balance sheet assets)	2023													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	0.85%	0.82%	0.00%	0.00%	0.06%	0.00%	0.00%	0.00%	0.00%	0.85%	0.82%	0.00%	0.00%	0.06%
Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

5. KPI off-balance sheet exposures based on CAPEX

% (compared to total eligible off-balance sheet assets)	2023													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	5.50%	5.50%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	5.50%	5.50%	0.00%	0.01%	0.01%
Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Disclosures according to Annex XII - nuclear energy and fossil-gas related activities

1. Nuclear energy and fossil-gas related activities

	NUCLEAR ENERGY RELATED ACTIVITIES	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**No**
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	**No**
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	**Yes***
	FOSSIL GAS RELATED ACTIVITIES	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**Yes****
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	**Yes****
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	**No**

* Based on residual exposure to companies that, despite having related activity, have not reported, to date, alignment and eligibility ratios.
** The figures underlying this entry refer solely to the only company that has disclosed the ratios publicly.

2. Economic activities aligned with the Taxonomy (denominator) based on Turnover.

Row	Economic activities based on KPI Turnover (mn€)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	149.6	100.0%	149.6	100.0%	0.0	0.0%
8	**Total green asset ratio, Turnover**	**149.6**	**0.4%**	**149.6**	**0.4%**	**0.0**	**0.0%**

2. Taxonomy-aligned economic activities (denominator) based on CAPEX.

Row	Economic activities based on KPI CAPEX (mn€)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	170.9	100.0%	170.9	100.0%	0.0	0.0%
8	**Total green asset ratio, CAPEX.**	**170.9**	**0.4%**	**170.9**	**0.4%**	**0.0**	**0.0%**

3. Economic activities aligned with the Taxonomy (numerator) based on Turnover.

Row	Economic activities based on KPI Turnover (mn€)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KP.	0.0	0.0%	0.0	0.0%	0.0	0.0%
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI.	149.6	100.0%	149.6	100.0%	0.0	100.0%
8	**Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the total green asset ratio based on turnover.**	**149.6**	**100.0%**	**149.6**	**100.0%**	**0.0**	**0.0%**

3. Taxonomy-aligned economic activities (numerator) based on CAPEX

Row	Economic activities based on KPI CAPEX (mn€)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	0.0	0.0%	0.0	0.0%	0.0	0.0%
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI.	170.9	100.0%	170.9	100.0%	0.0	0.0%
8	**Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the total green asset ratio based on CAPEX.**	**170.9**	**100.0%**	**170.9**	**100.0%**	**0.0**	**0.0%**

4. Economic activities that are eligible, but not aligned with the Taxonomy - Turnover.

Row	Economic activities based on KPI Turnover (mn€)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.2	0.1%	0.2	0,0	0.0	0.0%
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
7	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	149.6	99.9%	149.6	99.9%	0.0	0.0%
8	**Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the eligible ratio based on turnover.**	**149.8**	**100.0%**	**149.8**	**100.0%**	**0.0**	**0.0%**

4. Economic activities eligible but not aligned with the Taxonomy - CAPEX

Row	Economic activities based on KPI CAPEX (mn€)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%	0.0	0.0	0.0	0.0%
7	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	170.9	100.0%	170.9	100%	0.0	0.0%
8	**Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the eligible ratio based on CAPEX.**	**170.9**	**100.0%**	**170.9**	**100.0%**	**0.0**	**0.0%**

5. Economic activities not eligible with the Taxonomy based on Turnover.

Row	Economic activities based on KPI Turnover (mn€)	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	1.2	0.0%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%
7	Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	38 483.7	100.0%
8	**Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI (non-eligible ratio turnover).**	**38 484.8**	**99.6%**

5. Non-eligible economic activities with CAPEX-based Taxonomy.

Row	Economic activities based on KPI CAPEX (mn€)	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	1.3	0.0%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	0.0	0.0%
7	Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	38 467.5	100.0%
8	**Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI (non-eligible ratio turnover).**	**38 468.8**	**99.6%**

Voluntary disclosures under Regulation (EU) 2020/852

As described in the previous sections, novobanco used only actual information, published by its counterparties, for the purposes of determining the level of alignment of its financing and investments with the Taxonomy criteria.

Nevertheless, it is considered that exposure to the mortgage portfolio may, on a voluntary basis, have a representation of its potential alignment with the European Taxonomy using the best available (and real) information relating to novobanco's real estate collateral (and for which the Bank collects, records and maintains its information).

In these terms, and for better transparency in the provision of information to the market, novobanco has determined the following potential alignment of its mortgage portfolio:

Million Euros	31 december 2023
Retail exposures	11,669 million €
Of which, mortgages	9,939 million €
Eligible exposure	3,625 million € (36.5%)
Aligned exposure	45 million € (0.4%)
Not Elegible	6,314 million € (63.5%)

The potential alignment values presented above allow us to increase novobanco's consolidated GAR% (presented in the previous sections) by 0.12% (i.e., corresponding to a potential GAR% of 0.52% in the case of the Turnover view, and potential GAR% of 0.56% in the case of CAPEX).

To calculate the above estimate, the following methodology was used:

- Verification of substantial contribution: the substantial contribution to the objective of climate change mitigation was measured based on the year of construction of the building and its EPC level (according to the technical criteria of activity 7.7). For buildings constructed before 31 December 2020, only those with an EPC higher than A (inclusive) were considered; For buildings built after this date, it was not possible to guarantee their alignment, given the information needs inherent to the fulfilment of the technical criteria of activity 7.1.
- Verification of DNSH criteria: Compliance with the DNSH criteria for climate change adaptation has been assessed on the basis of an assessment of the exposure of immovable collateral to physical climate risks, selected from those covered in the risk matrix in Section 2 of Appendix A to the Taxonomy Regulation. This analysis only considered the exposure of collateral to acute physical risks (specifically, fires, floods and landslides), if relevant in the respective territory; Chronic risks were not considered as their impact on the integrity of real estate collateral is neither direct nor immediate, and it is not possible to conclude on the materiality of these risks for this type of infrastructure. The alignment estimate was informed by the risk level of each collateral, i.e., properties with a high or severe exposure to at least one of the risks considered, were excluded (classified as non-aligned).

6.2.5 Assessment of Climate Materiality

In 2015, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) to address concerns around insufficient disclosure of climate-related risks and opportunities. In June 2017, the TCFD released its final recommendations, which aim to support companies and organisations to disclose climate-related risks and opportunities effectively and clearly, promoting transparency for investors and the public.

We are aware of the importance of using this approach and believe that following these reporting recommendations will make climate information clearer and easier to compare and contribute to promote more sustainable business strategies. An added benefit is that we approach climate-related issues not only as risks but also as opportunities and consider these two aspects in our business strategy. This year we integrated this approach in the report rather than in a separate document.

In the table below we briefly disclose our approach on the four TCFD theme areas: governance, strategy, risk management, and metrics and targets.

THEME AREA	NOVOBANCO APPROACH (summary)	STATED IN THE DOCUMENT
GOVERNANCE novobanco's governance around climate-related risks and opportunities.	Climate-related issues are managed in accordance with the Sustainability Governance model, led directly by the Executive Board of Directors and overseen by the General and Supervisory Board. Every month we hold a Sustainability Steering, with the participation of Executive Board members and multidisciplinary teams, responsible for coordinating the ESG approach at novobanco.	
	a. Describe management's oversight of climate-related risks and opportunities.	Chapter 6.1
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Chapters 6.1; 6.2.3; 6.2.5
STRATEGY To analyse the actual and potential impacts of climate-related risks and opportunities on novobanco's business, strategy and financial planning	novobanco develops its activities with the firm objective of making a positive contribution to the entire ecosystem in which it operates. Based on the Sustainability Policy, novobanco assumes a clear position of developing a sustainable business that wants to contribute to the transition to a low-carbon economy. To this end, we have subscribed to the "Business Ambition for 1.5ºC" initiative, which aims to define scientific targets for reducing novobanco's GHG emissions. We also signed the "Letter of Commitment for Sustainable Finance in Portugal", which aims to contribute to the promotion of sustainable investment practices in the country. The SBTI Platform is in the process of assessing the Science Based Targets submission for commitments to reduce the portfolio's carbon footprint. The Sustainability Governance model allows novobanco to integrate physical and transition climate risks into its risk management models, as well as to leverage opportunities associated with climate change.	
	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Chapter 6.2.5.1
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Chapter 6.2.5.1
	c. Describe the resilience of the Organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Chapter 6.2.5.1.2
RISK MANAGEMENT The processes used by novobanco to identify, assess and manage climate-related risks	The Bank has been gradually incorporating environmental and climate risks into its business model in order to effectively meet regulatory and supervisory requirements and reduce the negative impact arising from its activity. The Risk Management framework is centralised in the Risk Management Function and is composed of the Global Risk Department and the Rating Department.	
	a. Describe the organisation's processes for identifying and assessing climate-related risks .	Chapter 6.2.5.1.3
	b. Describe the organisation's processes for managing climate-related risks.	Chapter 6.2.5.1.4
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Chapter 6.2.5.1.4
METRICS AND TARGETS Metrics and targets used to assess and manage relevant climate-related risks and opportunities	A set of climate-related metrics and targets established in novobanco's ESG strategy are defined and are disclosed. The Bank has endorsed the Science Based Target Initiative (SBTi) with the objective of reducing its own as well as financed GHG emissions and contributing to a low-carbon economy in the long-term. The metrics and progress made are disclosed on a semi-annual basis.	
	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Chapters 2.4; 2.5.; 2.6
	b. Disclose GHG emissions (Scopes 1, 2, and 3) and the related risks.	Chapters 4.1; 6.2.5.1.3
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Chapters 2.4; 2.6; 2.7; 6.2.5.2.4

6.2.5.1 Climate-Related Risks

Climate change, which can have significant impacts on business models and the economy as a whole, is one of the greatest threats currently faced by society. When considering the impact of climate on the activities of financial institutions, a dual materiality perspective is commonly adopted:

a) on the one hand, there are impacts arising from a financial and indirect logic - in other words, the materialisation of climate-related risks in the performance of our clients and counterparties; and

b) on the other hand, there are environmental and social impacts that arise directly from the Bank's activities. novobanco has a dedicated strategy for its approach to environmental and social materiality, which is presented in section 2 of this report.

novobanco seeks to understand and manage climate-related risks and opportunities through their identification and the assessment of their impact on its loan and investment portfolio.

From a strategic discussion perspective, the bank adopts a systematic vision (as shown in the table below and described in the next section) of climate risks, which allows discussing their implications for business strategy and planning the best response to them. On the other hand, we have adopted a more granular approach to the management and control of these risks, using more detailed definitions (e.g., internal taxonomy) that allow for a comprehensive assessment of climate risk factors in the other financial and non-financial risk categories.

Climate risks in financial materiality

The risks stemming from climate change mainly encompass physical risks, such as extreme weather phenomena (storms, droughts, floods), and transition risks, which arise from the effort to adapt economic activities to more circular models with lower carbon footprints.

Generally speaking, these risks affect financial institutions primarily through their impact on the activity of their clients and counterparties: physical risks can cause damage to companies' production assets, disruption of operations or even loss of revenue due to disruption of supply chains. Transition risks can affect the value of financial assets directly (e.g., assets related to fossil fuel energy) or indirectly, through the effort and cost of the adaptation required from companies.

At the same time, climate change-related opportunities can be relevant. For instance, supporting the transition of companies or the development of infrastructures that are more resilient to physical risks can give rise to new products and services or even lead to increased turnover. While we know we are only at the beginning of this journey, we aim to support our clients in managing their own climate-related risks and opportunities by providing them sustainable financial solutions and the necessary guidance on the path to a low-carbon and more circular economy.

TYPOLOGIES OF PHYSICAL RISK	HORIZON
Acute risks Caused by one-off events such as droughts, floods and storms.	S M L
Chronic risks Risks caused by gradual changes in climate patterns such as rising temperature and sea levels, increased pressure on water resources, loss of biodiversity, or changes in land use.	S M L
TYPOLOGIES OF TRANSITION RISK	**HORIZON**
Public policy, legislation and regulation The bank's obligation to integrate sustainability criteria into its products and services faces mounting pressure from regulatory requirements.	S M L
Technological The need to incorporate new technologies into production processes may affect competitiveness and production costs.	S M L
Market Shifts in supply and demand for products and services as the effects of climate change become increasingly mainstream.	S M L
Reputational Perception by clients, stakeholders and society at large of the Bank's approach to ESG factors and their integration into the business.	S M L

S Short-term M Medium-term L Long-term

Strategic analysis of main climate risks

The table below describes how we analysed the main climate risks in terms of their potential impact on the Bank's strategy, business and activity, and the most significant measures we have adopted (or are in the process of adopting) in order to prevent or mitigate the risks and challenges identified.

RISKS	POTENTIAL IMPACT ON THE BANK'S STRATEGY AND BUSINESS	OUR MITIGATION MEASURES
Physical risks **Acute typology**	• Possible costs arising from damage to the Bank's physical assets, including business disruption. • Possible increased absenteeism of the Bank's employees. • Business disruption for clients and counterparties due to damage to production assets or limitations in the value chain • Potential devaluation of collaterals on loans granted by the Bank.	• Business continuity planning that ensures an adequate assessment of physical risks to the Bank's main assets and activities and the establishment of the necessary contingency measures. • Based on the reinforcement of physical risk assessment and quantification methodologies: a) adoption of a collateral acceptance policy that encompasses additional or differentiated requirements for formalising insurance policies on received collateral; and b) establishment of covenants and conditions for acceptance of financing that allow the inclusion of aspects pertaining to the continuity of the businesses being financed.
Physical risks **Chronic typology**	• Decrease in productivity and/or increase in operational and production costs in exposed sectors, impacting the financial performance of customers and counterparties or projects financed by the Bank.	• Development of risk assessment methodologies, including strengthening contact/engagement with clients (and gathering information on their activity and projects). • Integration of climate risk assessment into loan and pricing decision processes.
Transition risks **Policies and legal framework**	• Limitations on the development of business strategies, increase in the Bank's compliance costs (or process inefficiency costs) as a result of inadequate implementation of legal and regulatory requirements, especially those of a prudential nature. • Increased operating costs for exposed sectors and companies. • Inability to invest (due to restrictions on access to financing) with an impact on the commercial activity of companies/ counterparties.	• Changes to the governance and organisational model to ensure a dedicated monitoring of ESG issues. • Increased interaction with companies and counterparties, for a better insight into their transition and business adjustment challenges. • Development of products and services with structuring conditions and rationale aligned with our customers' transition needs.

RISKS	POTENTIAL IMPACT ON THE BANK'S STRATEGY AND BUSINESS	OUR MITIGATION MEASURES
Transition risks **Technology**	• Inability of the Bank's corporate clients and counterparties to adapt, due to limited investment capacity or restricted access to financing. • Unavailability of the most suitable technologies (at a reasonable cost) necessary to meet the new standards of business operations. • Business transformation and conversion costs, with an impact on the financial performance of customers and counterparties.	• Increased interaction with companies and counterparties, for a better insight into their transition and business adjustment challenges. • Development of products and services with structuring conditions and rationale aligned with our customers' transition needs. • Establishment of partnerships that allow keeping abreast of market developments and offerings of solutions/ technology.
Transition risks **Market**	• Changes in supply and demand for ESG-oriented banking products and services, with an impact on the Bank's commercial competitiveness. • General increase in market prices of technology and production factors with an impact on the competitiveness and financial performance of companies. • Limitations on the growth of companies and sectors exhibiting greater misalignment with efficiency and decarbonisation standards, resulting in reduced demand for their goods and services	• Promotion of awareness initiatives for the Bank's customers and counterparties, encouraging them to proactively address transition challenges. • Development of risk assessment methodologies, including strengthening contact/engagement with clients (and gathering information on their activity and projects). • Increased interaction with companies and counterparties, for a better insight into their transition and business adjustment challenges. • Development of products and services with structuring conditions and rationale aligned with our customers' transition needs.
Transition risks **Reputational**	• Risk of failing to meet stakeholders' expectations regarding the Bank's performance on critical climate change issues. • Constraints on investors' and stakeholders' perception of the Bank's brand image. • The Bank's involvement in instances of non-compliance with new ESG requirements, with an impact on its image and reputation. • Association of the Bank with clients, counterparties, suppliers and other third parties with sensitive ESG profiles	• Development, implementation and ongoing monitoring of a strategic ESG plan aimed at enhancing the Bank's readiness to effectively respond to the challenges posed by climate risks. • Adoption of conservative policies and criteria to ensure the highest level of rigour and compliance in the Bank's decisions and results. • Rigorous communication with the market. • Implementation of supplier selection and monitoring controls. • Reputational risks identification and assessment exercise.

6.2.5.2 Risk identification and assessment

ESG risks represent the potential negative impacts deriving from the current or future effects of possible ESG risk factors implicit in clients and counterparties or in the Bank's assets and liabilities. The impacts of ESG risks are usually transmitted through ´traditional' financial and non-financial risk categories.

The integration of ESG risks within the taxonomy means that this category of risk, consistently with the other risks, is subject to processes of identification and materiality assessment. Once the materiality of these risks has been established, the standard formal management and monitoring processes are applied. The internal taxonomy comprises the following components where ESG risk factors are described as follows:

- **Climate and environmental risks:** the main component of ESG risk, it concerns the quality and functioning of the environment and natural systems, including factors relating to climate change, biodiversity, pollution and waste management.
- **Social risks:** relate to social rights and the general wellbeing and interests of society and communities, and include factors such as equality, health, inclusion, labour relations, health and safety at work, human capital and communities' development.
- **Governance risks:** relate to aspects of internal governance, including the management and supervisory bodies, internal organisation, remuneration policies, internal control, tax practices, conduct and transparency.

Each of these components is individually recognised and assessed as to its impacts on the other risk categories, with a particular focus on a) factors with an external origin; and b) climate and environmental-related factors. The internal impacts of risk factors are largely recognised and controlled under the risk management framework already established for the other risk categories: e.g., factors relating to the Bank's governance risks are managed under novobanco's governance and internal control model and compliance management, and the impacts of physical risk factors on the Bank's activity and facilities are managed under the business continuity management framework.

OUR ESG RISK TAXONOMY	
Transition risk factors	Factors associated with the challenges, and respective impacts, resulting from the transition to a **low GHG emission economy**, including the effort required to **change the energy mix (i.e., change to renewable sources)** and the adoption of **more circular business models.**
Physical risk factors	Factors arising from the **physical manifestation of climate change and environmental degradation**, analysed under two categories: a) **acute** - which result from climatic and meteorological events with immediate negative impacts; or b) **chronic** - which are determined by gradual changes in climatic and meteorological conditions, leading to progressive ecosystem degradation.
Biodiversity factors	Factors that relate to the **quality and normal functioning of natural systems**, including climatic factors, loss of biodiversity **(impact rationale)** or consumption of physical and energy resources **(dependency rationale).**
Social risk factors	Factors that relate to the **basic components of wellbeing, security and the evolution** of society and the economy.
Governance factors	Factors pertaining to the good governance of institutions and companies, which should ensure good management and control principles, including recognition of ESG challenges.
Greenwashing factors	These factors cross-cut all the other risk factors, and are related to the possible misalignment between the announced and the actual objectives and purpose of a given counterparty, issuer or instrument, with regard to ESG issues.

Climate and environmental risks Other environmental risks Other ESG risks

6.2.5.2.1 Climate Scenarios

novobanco recognises that the characteristics of climate and environmental risks advise that their assessment, management, and monitoring take into consideration the potential scenarios for the evolution of their factors and the timeframe for their materialisation.

The impact dynamics of transition and physical risk factors is dependent on the success of the implementation of policies and legislative proposals currently under execution (or still under discussion): for example, their success may lead to higher transition risk (due to economic activity adaptation or conversion efforts) and lower physical risk (through the ability to control the increase in global temperature).

Scenarios serve as a reference point for risk approaches by providing insights into the evolution of climate change and the associated impacts. In other words, depending on the scenario being considered, different assumptions are considered for climate risk management strategies, methodologies, and procedures.

Therefore, at the proposal of novobanco's sustainability and risk management functions, the bank adopts annual scenarios (along with the corresponding timelines) for the evolution of climate risk. These scenarios encompass the following:

- The design of the scenario (e.g., the main variables and underpinning narrative); and
- Each scenario's probability of occurrence.

Acknowledging that our understanding, assessment, and management of climate risks are still in their early stages, in 2023 we embraced the scenarios outlined by the NGFS. These scenarios were attributed equal value, assuming an equal probability of occurrence for each, as indicated in the matrix presented further down.
Each of the represented scenarios is further elaborated through complementary scenarios that expand their narratives, where novobanco considered:

- Orderly transition - net-zero 2050 scenario: global warming is limited at up to 1.5º C through stringent climate policies, allowing to reach net-zero status in 2050.
- Disorderly transition - disorderly scenario: Nationally Determined Contributions (NDCs) are maintained until 2030 and transition efforts are accelerated from them onwards. The level of global warming stays at 2°C.
- Warmer world – current policies: this scenario simulates the greatest impacts from physical risks, assuming that only currently known policies are implemented.

Based on the chosen scenarios, novobanco assesses different timeframes for the materialisation of risks, in a forward-looking perspective: by utilising projections of risk variables and metrics outlined in the scenarios, the bank assesses the evolving dynamics of risks over time. The year 2030 was selected as the reference year for the assessment of the materiality of the risks.

The year 2030 was selected for the materiality assessment for the following reasons:

- It is a public policy milestone at European level;
- It provides a sufficiently long time horizon to assess the manifestation of risks but is still close enough to determine management measures with predictable effects and, to that extent, normally included in the Bank's planning and management processes; and
- The year 2030 will be the timeframe considered for the establishment of plans and metrics for the Bank's balance sheet alignment/ transition.

Use of climate scenarios by type of risk

As far as possible, the assessment of ESG risks (and in particular of climate and environmental risks), adopts a forward-looking approach that acknowledges the dynamic nature of risk factors and consequently the varying resulting risk assessments.
In the identification and assessment of the materiality of risks, novobanco considers climate scenarios for the components of a) transition risk; b) phisical risk and c) social risk.

The Transition Risk assessment is underpinned by a sectoral approach that takes into account the expected impact of carbon prices, energy price volatility and technology investments - driven by energy transition efforts - on the profit margin of companies in each sector.

The transition score covers a total of 79 sectors across agriculture, extractive industries, manufacturing and services, and considers the expected impact of upcoming carbon, energy and investment costs on a company's profit margin - the climate shock - taking into account the following component risk factors:

- Portfolio GHG intensity - carbon shock: The carbon shock component represents the carbon price cost based on the Scope 1 GHG emission-intensity of the activities covered by the ETS, namely electricity and heat production, energy-intensive industrial sectors including oil refineries, steel, iron, aluminium, metals, cement, lime, glass, ceramics, pulp, paper, cardboard, acids and bulk organic chemicals production, and the aviation sector; it reflects the portfolio's GHG intensity risk.
- Portfolio energy intensity - energy shock: The energy shock component represents the cost of energy prices based on the intensity of energy consumption (by type of energy: electricity, coal, natural gas, crude oil and oil derivatives); it reflects the portfolio's energy intensity risk.
- Green investments in the portfolio - investment shock: The investment shock component represents the cost of green investments (CAPEX) based on the total distance to the Taxonomy requirements; it reflects the risk of portfolio misalignment with the Taxonomy.

The Physical Risk model is based on the integration of 4 components:

- Risk, Exposure, Vulnerabilities and Future Scenarios. The Risk component represents the intensity and/or frequency of each climatic hazard in a specific location, and was calculated for seven different types: Floods (river, urban and coastal), Extreme Heat, Landslides, Earthquake, Tsunami, Water Scarcity and Wildfires.
- The Exposure component represents the location of the client's headquarters, specifically its municipality;
- The Vulnerability component represents the inherent susceptibility of a specific location and sectoral land use (agroforestry, industry, urban areas and tourism) to the consequences of a climate hazard;
- The Future Scenarios component represents how the Exposure may change according to three different climate scenarios for 2050 (NetZero 2050, Delayed Transition and Current Policies).

The methodology for social risk places a strong emphasis on labour-related issues and is divided into six main topics, namely:

- Freedom of association - the right of individuals to join or form groups, including trade unions and organisations, without interference or coercion. It allows people to collectively pursue common interests and protect their rights.

RISK COMPONENTS SCENARISATION MATRIX - TIMEFRAMES CONSIDERED AND MAIN VARIABLES ASSESSED

Transition	2025	2030	2035	2040	2045	2050	Point-in-time (hist.)	Evolution of GHG emissions, carbon prices, green CAPEX estimates.
Physical	2025	2030	2035	2040	2045	2050	Point-in-time (hist.)	Time and space evolution of each risk factor (e.g. floods, forest fires, drought and extreme heat).
Biodiversity	2025	2030	2035	2040	2045	2050	Point-in-time (hist.)	No scenarisation - point-in-time assessment based on exposure characteristics at the reference date.
Social	2025	2030	2035	2040	2045	2050	Point-in-time (hist.)	No scenarisation - point-in-time assessment based on exposure characteristics at the reference date.
Governance	2025	2030	2035	2040	2045	2050	Point-in-time (hist.)	No scenarisation - point-in-time assessment based on exposure characteristics at the reference date.
Greenwashing	2025	2030	2035	2040	2045	2050	Pontual (hist.	No scenarisation - point-in-time assessment based on exposure characteristics at the reference date.

- Forced labour - any work or service that is not performed voluntarily and is required of an individual under threat of violence or punishment.
- Discrimination - unfair or prejudicial treatment of individuals or groups based on certain characteristics such as race, gender, age, religion, disability or other factors.
- Child labour - the employment of children below the minimum age for employment as defined in the ILO Minimum Age Convention, 1973 (No. 138) and the ILO Worst Forms of Child Labour Convention, 1999 (No. 182).
- Occupational Health and Safety - the necessary processes and measures to address workers' safety and health.
- Armed Conflicts - conflicts divided into six types of events (battles, explosions/remote violence, violence against civilians, riots, protests and strategic developments).

6.2.5.2.2 Risks materiality

novobanco conducts its risk identification and assessment exercise on an annual basis. In this exercise, all the relevant risks for banking activity are analysed and their materiality is assessed through specific methodologies (considering the probability of occurrence and the significance of their impacts), with the following objectives:

- To determine the relationship/integration rationale between ESG risks and the Bank's other risk categories;
- To justify, in a qualitative manner, the material (or immaterial) impact of ESG risk factors, informing, for example, the ICAAP; and
- To identify which risk categories and factors should be specifically managed and controlled in the framework of risk appetite and strategy.

Those risks which prove to be material are subsequently subject to formal quantification, management/control and regular monitoring procedures.
ESG risks are integrated in this exercise through recognition that their factors impact 'traditional' risk categories, using the following approach:

- Matrices of ESG risk factors and metrics: the metrics are based on the components and factors previously described, and, whenever possible, adjusted according to business area and/or portfolio. The metrics permit to make an objective assessment of the relevance of the Bank's exposure and, when applicable, to determine the scenario for the respective risk factor.
- Cross-cutting mapping of ESG risk factors and metrics for traditional risk categories: ESG risks are recognised as having the potential to materialise through the impact (or increase in risk) revealed in financial and non-financial risk categories.
- Risk materiality assessment scale, integrated into the (traditional) risk categories, to rank the potential for materialisation (present and long-term) of the risk factors.

This integration can be visualised in the table to the right, where ESG risk factors are correlated with traditional risk categories.

DESCRIPTION OF TRADITIONAL RISK CATEGORY							
Credit risk	Losses of capital (or remuneration) on banking book operations due the inability of a counterparty to meet its obligations. Includes sovereign and concentration risks.	●	●	●	●	●	○
Liquidity and funding risk	Losses arising from the Bank's present or future inability to settle its liabilities as they mature.	●	●	○	○	○	○
Interest rate risk on the banking book	Losses in the Bank's financial results or economic value due to unfavourable changes in market interest rates.	●	●	○	○	○	○
Market risk	Impacts from fluctuations in market prices or prices of factors that influence the valuation of instruments measured at fair value (e.g. credit spread, interest rate, exchange rate).	●	●	○	●	●	●
Operational risk	Financial impacts resulting from inadequacy or failures in processes, information systems or human conduct. Includes compliance, reputational and information systems risks.	○	●	●	●	●	●
Pension fund risk	Impacts resulting from the revaluation of Pension Fund's assets or liabilities that lead to liabilities exceeding the value of assets.	●	●	○	○	○	○
Strategy risk	Current or future impacts arising from changes in the Bank's strategy or restraints on its execution, or related to adverse impacts of business decisions.	●	○	○	○	○	○

Materiality assessment results

novobanco conducted for the first time a comprehensive assessment of the materiality of the impact of ESG risks on its risk profile and activity with reference date of 31 December 2022. This exercise, reviewed in 2023 and whose results are summarised here, now incorporates risk management and control methodologies. For instance, the materiality assessment for credit risk within the credit segmentation model (ESG) determines the prioritisation of customers for information gathering and additional risk analysis.

Due to the impact of transition and physical risk factors, ESG risks particularly affect credit and strategy risk:

The adaptation effort of some industry sectors to which the Bank is exposed is reckoned to be particularly significant in the medium and long term, impacting the creditworthiness of these companies. On the other hand, the impact of physical risks on companies' activities (impact on business continuity) may be relevant due to the lack of mitigation measures.

For the same reasons and given the weight of the most exposed sectors in the Bank's results, it was concluded that ESG risks have a relevant impact on strategy risk.

CATEGORIES	MAIN RISK FACTORS AND METRICS	MAIN MITIGATION MEASURES	ASSESSMENT
Credit risk	• GHG emissions intensity, carbon prices. • Energy intensity, energy costs. • Green CAPEX financial effort. • Disruption in value chains (social risk) . • Physical risk in real estate collateral and (location) of business activity. • Energy performance of real estate collateral. • Country risk variables (physical, transition, social & governance).	• Insurance policies/collateral coverage • Sectoral approaches and policies • Sectoral diversification	
Liquidity and funding risk	• Profile of main counterparties (physical risk, reputational risk). • Location of depositors (physical risk). • Employment sectors of depositors (transition risk).	• Limited exposure to financial counterparties, namely insurance sector entities. • Geographical diversification of depositors.	
Interest rate risk on the banking book	• Approach similar to that adopted for liquidity risk, including assessment of possible impacts on contingent lines/ commitments.	• Limited exposure to financial counterparties. • Geographical diversification of depositors.	
Market risk	• Replication of the analyses for credit risk. • Reputational profile of main counterparties . • Robustness of ESG-labelled instruments - greenwashing risk.	• Risk profile of issuer and counterparties. • Limited exposure to ESG-labelled instruments.	
Operational risk	• Location of the Bank's main facilities - physical risk • ESG profile (reputational rationale) of novobanco's main suppliers and counterparties.	• Risk profile of issuers and counterparties. • Limited exposure to ESG-labelled instruments. • Low weight of real estate assets.	
Pension fund risk	• Replication of market risk analysis. • Energy performance of real estate assets. • Location of real estate assets.	• Perfil de risco dos emitentes e contrapartes. • Limitada exposição a instrumentos com etiqueta ESG. • Baixo peso de ativos imobiliários.	
Strategy risk	• Level of income (e.g. net interest income and fees and commissions) dependent on sectors exposed to high transition risks.	• Management controls and regular streamlining of the Bank's business plans and budget. • New products and approach to clients (transition finance).	

6.2.5.2.3 Analysis of Risks

Transition risk and financed emissions

novobanco acknowledges the direct correlation between the GHG emissions level of its counterparties and their transition risk: all else being equal, companies with higher GHG emission intensity tend to have greater adaptation or transition needs. Hence, without disregarding other methodologies for assessing transition risk, we monitor the emissions from the portfolio of companies that we finance (i.e., our scope 3 emissions, category 15 - investments). Whenever feasible, we try to obtain information reported by our clients. Where not available, we adopt estimation-based approaches.

The methodology we employ for measuring emissions is based on the "Partnership for Carbon Accounting Financials" (PCAF) global standard for the accounting and disclosure of GHG emissions financed through loans and investments.
To calculate emissions, we apply an allocation factor to the GHG emission values of counterparties (actual or estimated) in order to determine the share that novobanco must report due to its financing of the company's activity.
In summary: novobanco GHG emissions = company GHG emissions x allocation factor.
We have adopted the following PCAF data quality hierarchy to calculate the emissions of our counterparties (scopes 1, 2, 3, where available):

- Score 2: counterparty emissions calculated on the basis of emissions reported by the counterparties, incorporating financial information obtained from the IES (Simplified Business Information) and the companies' annual reports.

$$\sum_c \frac{Outstanding\ amount_c}{Total\ equity + debt_c} \times Unverified\ company\ emissions_c$$

- Score 4: this score incorporates financial information from the companies, to which sectoral carbon intensity ratios (tCO2/M€ revenues) are subsequently applied at the level of the company's Economic Activity Class (80 sectoral divisions applied).

$$\sum_c \frac{Outstanding\ amount_c}{Total\ equity + debt_c} \times Revenue_c \times \frac{GHG\ emissions_s}{Revenue_s}$$

- Score 5: lowest data quality level, with sectoral carbon intensity ratios applied at the level of the company's Economic Activity Class (80 sectoral divisions applied).

$$\sum_c Outstanding\ amount_c \times \frac{GHG\ emissions_s}{Assets_s}$$

We estimate that our emissions related to loans to companies amounted in 2023 to 2.6 million tonnes of CO_2 equivalent, covering approximately 99.8% of novobanco's corporate loans portfolio (exposure value, excluding financial activities and public administration). The carbon intensity of novobanco's financing portfolio is therefore around 199/tCO_2 e per million euros financed.

Both the total emissions financed and the carbon intensity of novobanco's corporate loans portfolio have therefore increased significantly. More than 85% of this increase can be explained by the increase in scope 3 real information available and the remainder by the significant increase in scope 1 emissions related to an exposure that was previously based on sector averages (PCAF score 4 or 5) and is now based on real data (PCAF score 2).

Financed emissions (loan portfolio)	2023	2022
Oustanding amount in scope (mn €)	13 052	13 014
Total emissions S1 (tCO_2)	1 521 809	1 393 901
Total emissions S2 (tCO_2)	148 275	155 125
Total emissions S3 (tCO_2)	922 372	150 083
Total emissions (tCO_2)	2 592 456	1699 109
Carbon Intensity (tCO_2/M€)	199	131

It was only possible to use real emissions information reported by companies for 6% of the loan portfolio analysed (scope 1). However, the real emissions data reported represent 43% of the total emissions financed, which can be explained by the concentration in larger companies and in sectors that are particularly relevant for climate policy.

Notwithstanding the foregoing, novobanco recognises the significant improvement in the availability and quality of GHG emissions information reported by companies and believes that this improvement will continue to accelerate in the coming years, not only as a result of legal and/or regulatory reporting requirements applicable to an increasing number of companies, but above all as a result of the development and evolution of transition plans and monitoring practices by an increasing number of companies operating in the market.

novobanco thus reinforces its commitment to the ongoing monitoring and disclosure of data on the emissions it finances, as well as to the continuous improvement of the quality and comprehensiveness of the data collected, which is essential for further analysis and monitoring of impacts, and for expanding the implementation plans of its own transition plan and strategy.

The portfolio's financed emissions are heavily concentrated in three carbon-intensive sectors, which account for 80% of total emissions but only 32% of the portfolio's outstanding amount:

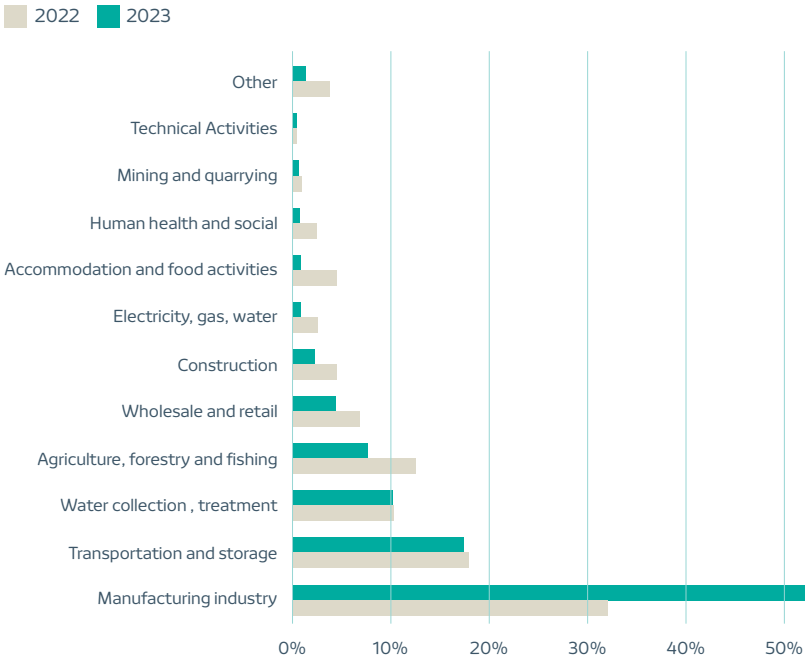
- C - Manufacturing;
- H - Transportation and storage; and
- E - Water collection, treatment and distribution, sanitation and waste management.

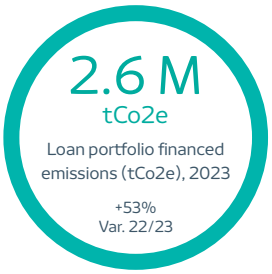
Transition risk additional methodologies

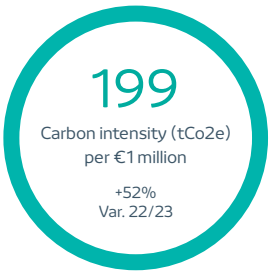
As a complement to the analysis of GHG emissions, we use additional classifications of our corporate loan book and monitor KRIs in our Sustainability Steering, namely:

- the Climate Policy Relevant Sectors (CPRS) is used by novobanco to better assess and monitor transition risk, focusing on sectors negatively affected or on which the impact is uncertain. This methodology takes into account the following factors: direct and indirect contribution to GHG emissions (such as the production and distribution of fossil fuels or renewable energy); relevance for climate policy (such as the cost structure sensitivity to regulatory or tax changes based on GHG emissions); and importance in the energy value chain (production, use, consumption). Taking into account the sectors with "negative" and "uncertain" impact and the classification of sectors included in the "Annual Report on the Banking Sector's Exposure to Climate Risk" (July 2023, BP), the exposure of novobanco's loan and investment portfolio to these CPRS sectors in December 2023 was 47% (better than the average for the banking sector in 2021 of 59%, as per this report, having declined from 48% in December 2022.

Breakdown of sectoral contribution to carbon footprint (loan portfolio)







(1) Calculation based on a best effort approach, excluding companies in the sectors "Financial and insurance activities" and "Public administration and defence; Obligatory Social Security".

We analyse the bank's exposure to CPRS on a monthly basis in terms of both this exposure's share of the volume of loans and investments, and its share of income from the loan component.

- Carbon-intensive sectors - we analyse the loan and investment portfolios' percentage of exposure to these sectors and its evolution. In December 2023 this percentage was 11% (considering the loan and investment portfolios' exposure to "high" and "very high" intensity sectors).

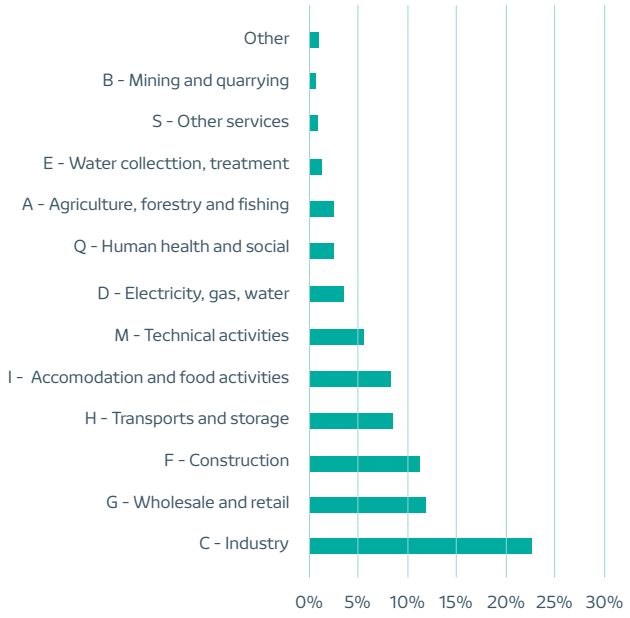
- Exposure to sectors excluded from the benchmarks aligned with the Paris Agreement - we analyse the loan and investment portfolios' percentage of exposure to these sectors and its evolution. In December 2023 this percentage was 11% (considering the loan and investment portfolios' exposure to "high" and "very high" intensity sectors).

Transition risk in real estate collateral

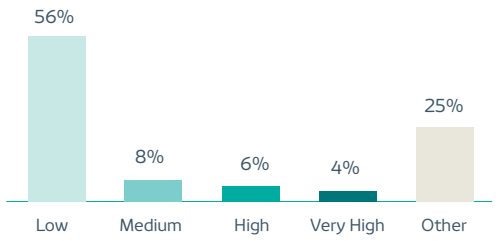
As the economy transitions to a low carbon economy, market policies and trends may indirectly impact the financial value of real estate - demand for properties with lower energy efficiency levels may diminish and these may also become less competitive due to the development of more energy-efficient alternatives (to which the legislative changes under discussion contribute). Therefore, the transition risk is also assessed with regard to the real estate collateral on the Bank's credit operations.
The energy classification of properties will also affect the alignment of novobanco's loan portfolio with its commitments to reduce its carbon footprint.
During 2023, the Bank made a strong effort to collect and register the energy certification levels of its real estate collateral. Currently, 36% of the collateral is registered based on the actual level of energy certification, and if we consider residential properties with loans granted after 2013, this coverage rises to 55%, and for commercial properties to 46%. In terms of actual EPC data, 34% of properties currently have a B- or higher certification.

We have introduced new procedures for lending against property, requiring customers to provide an energy performance certificate.

Exposure by sector (loan portfolio)



Distribution by GHG emissions intensity



Various computer developments are also underway that will permit to generate information on the energy performance of properties financed in the past. At present, it is mandatory to obtain the energy certificate for new loans secured by property.

It is worth noting that novobanco proactively manages the energy efficiency of collaterals and has long offered financing solutions with favourable terms for properties with better energy performance levels.

Assessment of physical risks

In addition to transition risk, novobanco also devotes special attention to monitoring physical risks. To this end, the Bank uses methodologies based on the classification of risks by geographical location, following regulatory recommendations.
The methodology used to calculate the results reported here is based on public information - ThinkHazard! - which is prepared by an initiative led by the World Bank. Of the various physical risk typologies available, we use those with the greatest impact on the structure of the properties financed, i.e., a) floods, b) fire, and c) landslides, as shown by the colours in the maps below.

The maps are used individually, to showcase a specific risk typology, or together, for a global understanding of the exposure to risk. It should be noted that this is a conservative approach, insofar as a district's classification represents the most severe classification within its municipalities.

Property collateral by energy class

% of number of properties (residential class)

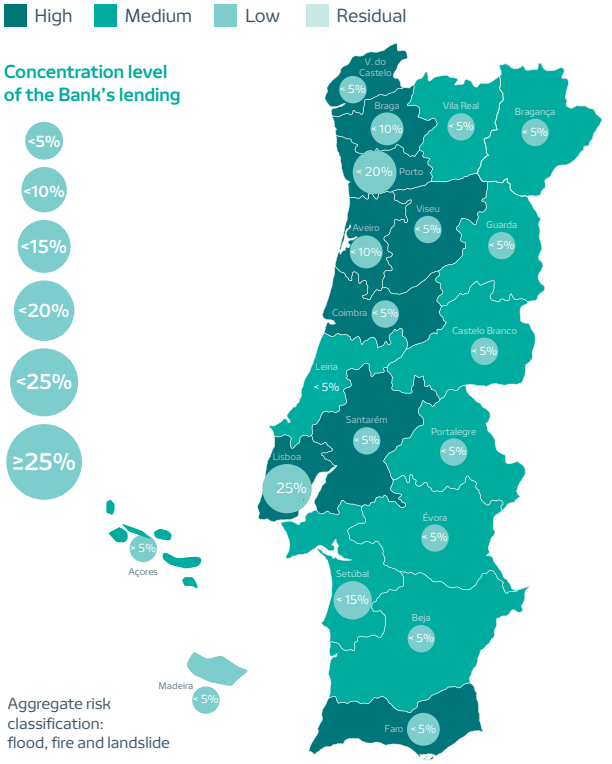
△ 2023,2022		2023	2022
A	↑	7%	6%
B	↑	22%	20%
C	↓	46%	47%
D	↑	19%	22%
E	↑	4%	3%
F	↑	2%	1%
G	=	1%	1%

Exposure to physical risks

The exposure to physical risks results from the aggregate assessment of the typologies of a) floods; b) fires; and c) landslides. The risk level is depicted by the colour of the district, while novobanco's risk exposure is indicated as the percentage of concentration of real estate collateral (residential and commercial). This concentration is measured by the number of properties serving as real estate collateral as of 31 December 2023.
Overall, the following results are to be considered:
Due to demographic factors, financed real estate tends to concentrate in major urban areas, which, given the nature of the national territory, are predominantly situated along the coast, and therefore exposed to specific risks such as flooding and landslides.
Fire risks are more pronounced in the central and interior areas of the country, where there is no significant concentration of properties financed by the Bank.
The assessment presented here takes a conservative approach by representing a district's level of risk based on the most severe classification among its municipalities. Nevertheless, the exposure to physical risks may be relevant, given the characteristics of the national territory. The Bank's insurance policies and requirements therefore play an important role in protecting the value of collaterals.

Concentration of real estate collaterals

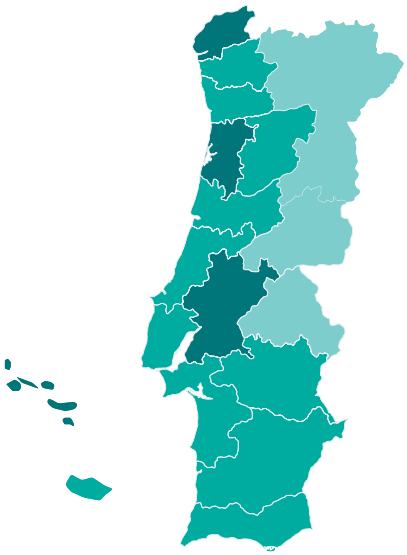
% of number of properties



Maps of physical risk in Portugal – external information

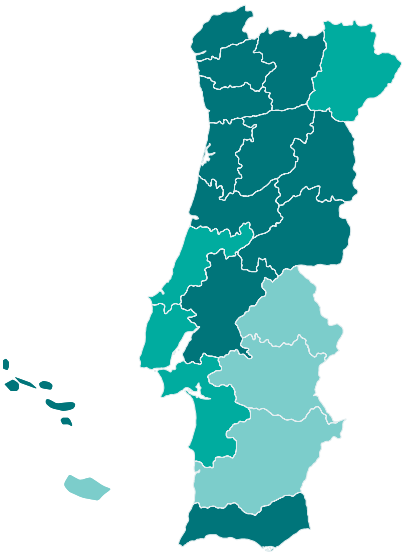
High Medium Low Residual

Risk of flood[1]



Risk of fire

Risk of landslide



[1] Urban, river and coastal flood

4.2.5.2.4 Integration of Risks

Our transition finance model

Our climate risk management strategy assumes that we will maintain business and lending relationships with sectors and companies facing relevant transition challenges. novobanco has consistently shown a leading role in supporting the Portuguese business community. Therefore, our approach is centred on providing direct support to facilitate our clients' transition. To this end, we consider it essential to know and assess the challenges that climate and energy transition will pose to the companies we finance. On the basis of this assessment, we intend to: a) strengthen our offer of products and services by adapting them to the specific transition or conversion needs of each company; b) Identify the potential impact of these challenges on each company's finances; c) partner with specialists in the different areas of sustainability that can help our clients make the necessary investments to integrate sustainability into their strategy.

We anticipate that the companies that better prepare for their transition will demonstrate enhanced capabilities for operational and financial performance. This should be acknowledged in terms of their access to financing and the associated conditions. novobanco intends to reward this reduction in uncertainty and better performance through the access conditions to finance, and has already introduced price advantages for some products linked to sustainability. Conversely, the identification of ESG challenges that are not compatible with the evaluation of the viability and financial capability of the company and the Bank's clients, may lead to decisions to restrict financing or to increase prices.

In this way, novobanco embraces a balance sheet transition/ alignment strategy based on the transition trend observed among its customers, which will be promoted, whenever possible, by the offer of products and services.

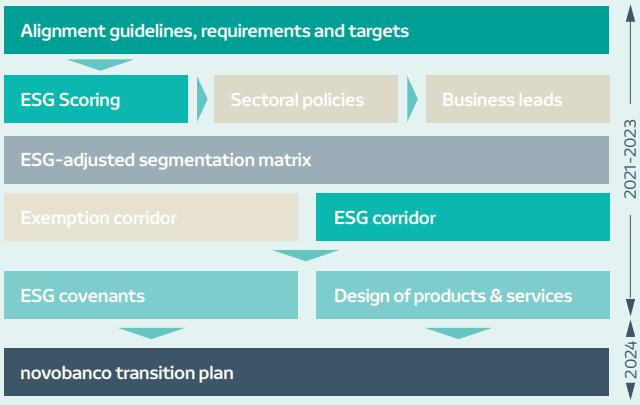
Methodologies for balance sheet alignment

As part of its strategic planning, novobanco has been developing methodologies since the end of 2021 that will allow it to set objectives to progressively align its balance sheet.

Firstly, we recognised the need for methodologies that would provide us with an encompassing view of climate and ESG risks within our portfolios, such as through the scoring model. Next, we proceeded with the development of methodologies that would allow us to conduct an effective risk assessment based on information collected from our clients and the specific characteristics of each company (including its performance and strategic planning) - the ESG corridor.

Finally, the implementation of this approach should allow us to identify priority clients and operations for our transition finance model: that is, clients with good financial capability and viability but facing, now or in the future, relevant transition challenges.

The implementation of these components follows the structure outlined below, which is driven by: a) the alignment targets to be adopted (such as emissions or other factors pertaining to risk reduction or mitigation); b) sectoral financing policies and strategies; and c) the Bank's strategic priorities (commercial and internal organisation).



First phase of developments (2022-2023): ESG scoring, segmentation model and design of ESG risk assessment methodologies (v.g., ratings).

In this phase, an ESG risk scoring assessment was conducted for all customers in the non-financial corporate segment, providing a comprehensive overview of the portfolio's overall risk profile. Subsequently, the segmentation criteria were revised to facilitate the operationalisation of the different methodologies, including initiating customer contacts for risk assessment purposes.

In the final phase (2023 and 2024), the methodologies operate at a regular pace, enabling the assessment of customers and operations, with the results being incorporated into the decision-making processes related to risk and/or pricing.

The integrated operation of the model

The ESG segmentation matrix is calibrated based on balance sheet alignment objectives and risk appetite - all corporate clients are subject to ESG scoring,
The Bank has made progress in integrating ESG risk assessment and quantification into credit management:

a) ESG scoring ratings;
b) ESG information collected from clients;
c) minimum safeguards in place for financing.

During 2023, novobanco revised the action plan for integrating ESG risk into loan granting, with the aim of prioritising the integration of ESG risk assessment into credit risk assessment for the most important transactions and in sectors with the highest ESG risk ("high" and "severe" risk according to our sectoral ESG scoring), guaranteeing the inclusion of an ESG risk assessment in the credit analysis of all transactions that meet these criteria. The analyst's assessment will be supported by sector guidelines and client ESG data (public data and consultation with clients, where appropriate) and will be implemented in the first half of 2024.

novobanco is also accelerating the collection of data for disclosure and portfolio risk management purposes, in order to maximise coverage of the largest exposures in the sectors most exposed to ESG risk ("high" and "severe" risk). This data collection effort will leverage publicly available data as well as client engagement, and should allow for an increase in the weight of real data in the 2024 disclosures and upcoming stress tests.

It should also be noted that the Portuguese banking ecosystem is seeking to create a common platform for collecting ESG risk data from commercial clients. The platform is due to be launched in 2024 and should allow banks to significantly speed up data collection, both for risk management and for credit decisions. This platform should be highly beneficial to our data collection efforts and we intend to gradually integrate it into our C&E risk analysis and disclosure processes as an alternative to novobanco's proprietary questionnaires.

Monitoring of climate risks

novobanco designed its Risk Appetite and Credit Risk strategy based on a medium and long-term perspective, while ensuring that short-term effects are anticipated and mitigated.
This strategy and the indicators that support it are incorporated in the Bank's RAF-RAS.
The analysis of the main climate risks related metrics is reported on a monthly basis to novobanco's management bodies.

KRIs that monitor various risk indices are also presented on a monthly basis in the Sustainability Steering, such as:

- Exposure to climate-sensitive sectors;
- Exposure to the most carbon-intensive sectors,
- Exposures collateralised by residential and commercial properties with the worst energy performance certificates (EPC);
- Production of green finance and investments;
- Alignment with the taxonomy.

It should also be said that both the risk strategy and the risk appetite serve as guidance for the Bank's incentives system and remuneration policies, ensuring alignment with key risk metrics and corresponding objectives. Currently, the remuneration policy of novobanco's management body includes assessment metrics for the Bank's ESG performance.

MONTHLY MONITORING

Green production (financing, investment)
No exposure to excluded sectors
Operations with Minimum Safeguards
Exposure to taxonomy eligibility
Exposure to climate-exposed sectors
Sectoral exposure by carbon intensity
Exposure to physical risk

6.2.6 Our next goals in climate and environmental risk management

Our ESG strategy includes the following key activities by thematic area:

A) Business Strategy

Strategic guidelines:

- To understand the short, medium and long term impact of climate and environmental risks on the business environment in which we operate, so that we can make informed, consistent and strategic decisions;
- To strengthen the integration of climate and environmental risks affecting the business environment in the short, medium or long term.

Challenges ahead:

- To assess and monitor the business environment in which we operate, particularly in terms of products and services, and strengthen the Bank's offer tailored to support our client's journey towards climate transition;
- To identify the risks arising from climate change and environmental degradation in key industry sectors, geographic areas and related products and services, reinforcing our sectoral policies;
- To define and monitor key performance indicators (KPIs) at the level of business lines (cascading down);
- To determine which climate and environmental risks affect business strategy in the short, medium and long term, e.g., using scenario analyses and stress testing.

B) Risk governance and risk appetite

Strategic guidelines:

- To consider climate and environmental risks when developing the business strategy and objectives;
- To improve the climate risk management model;
- To define the Appetite for climate risk.

Challenges ahead:

- To strengthen the application of the policy on exclusions and minimum safeguards for financing and investment in certain sectors and activities, transposed to the risk appetite policy, and establish robust control and implementation processes;
- To enhance the integration of climate and environmental KRIs within the risk appetite policy (RAF/RAS);
- To continue to develop appropriate key risk indicators and to set appropriate limits to effectively manage climate and environmental risks;
- To ensure effective monitoring of exposures and responses to climate and environmental risks;
- To collect data and assess the Bank's portfolio in light of the taxonomy.

C) Risk management

Strategic guidelines:

- To incorporate climate and environmental risks into risk management, with the objective of monitoring and mitigating these risks over a sufficiently long timeframe;
- To continuously monitor the effect of climate change and environmental factors on current market exposures.

Challenges ahead:

- To further enhance our risk materiality assessment, adopting a holistic and well-documented approach to evaluate the impact of climate and environmental risks on the existing risk categories;
- To implement an enhanced approach to risk identification/assessment and to the development of risk methodologies, including methodological definitions and customer ESG scoring results (segmentation model);
- To strengthen mitigation measures for C&E risks;
- To adopt a strategic approach to measure and mitigate climate and environmental risks in accordance with the risk appetite strategy, and accordingly adapt policies and procedures, risk limits and risk control.

D) Management of credit risk

Strategic guidelines:

- To consider climate and environmental risks at all stages of the credit granting process and portfolio risk monitoring.

Challenges ahead:

- Full integration of C&E risks into the financing origination framework;
- This phase corresponds to the development of risk methodologies that will provide the foundation for adjusting integration procedures and the decision-making framework to incorporate climate and environmental risks;
- To define and apply sectoral guidelines to credit origination processes enabling a more detailed ESG risk analysis of larger loans;
- To design methodologies to provide integrated assessment of client/transaction risk profile and EU Taxonomy rating (alignment);
- To consider climate-related risks in the assessment of collateral and in particular of real estate collateral.

E) Management of operational risk

Strategic guidelines:

- To consider the possible adverse impacts of climatic and environmental events on business continuity and also on reputational risks;

Challenges ahead:

- To assess the impact of physical risks on all operations, including the ability to recover quickly and continue to provide services;
- To ensure that remuneration policies and practices encourage behaviour aligned with our climate and environmental approach (risk), as well as with the voluntary commitments undertaken by the institution;
- To preemptively identify future sources of climate-related risks and/or litigation related to its own activities, to undertake an assessment of these risks and to adopt mitigation measures for the risks identified.

F) Quantification methodologies and stress testing

Strategic guidelines:

- To enhance stress testing approaches;
- To develop methodologies for quantifying climate risks.

Challenges ahead:

- To develop stress testing models focusing on climate risks;
- To improve methodologies for quantifying climate risks as the depth of historical data increases.

7 ESG PERFORMANCE INDICATORS

7.1 Environmental Indicators

Environmental Indicators - Materials consumed	2023	2022	2021	23 vs 22
White paper				
Internal use (tonnes)	172.8	148.2	155.2	16.6%
Paper for Internal use (Kg/employee)	41.1	36.2	37.0	13.3%
IT and electronic consumables				
Toner (units)[1]	2 482.0	2 856.0	-	-13.1%
Environmental Indicators - Energy				
Electricity				
Electricity consumption (kWh)	13 822 891.5	13 183 802.0	16 296 473.1	4.8%
Total electricity consumption (GJ)	49 762.4	47 461.7	58 667.3	4.8%
Electricity consumption (kWh/employee)	3 284.1	3 223.4	3 886.6	1.9%
Diesel				
Generator diesel consumption (litres)[2]	4 549.5	3 610.8	504.2	26.0%
Generator diesel consumption (GJ)[2]	164.0	130.2	18.2	26.0%
Vehicles diesel consumption (litros)	1 352 296.1	1 563 746.0	1 620 056.6	-13.5%
Vehicles diesel consumption (GJ)	48 617.7	56 219.8	58 244.3	-13.5%
Gasoline				
Vehicles gasoline consumption (litres)	35 035.3	1 680.0	840.0	1 985.4%
Vehicles gasoline consumption (GJ)	1 148.5	55.1	27.5	1 985.4%
Total energy consumption (GJ)	**99 962.7**	**103 866.8**	**116 957.3**	**-3.8%**
Total energy consumption per employee (GJ)	**23.7**	**25.4**	**27.9**	**-6.5%**
Trips				
Number of vehicles	958	922	957	3.9%
Number of flights	1 275	783	517	62.8%

1) The value of 2022 toners has been recalculated due to new ordering procedures.The value of 2022 toners has been recalculated due to new ordering procedures.
2) Diesel consumption is an estimate based on the number of hours generators were operating novobanco, Banco Best and GNBGA

Environmental Indicators - Emissions (tCO_2e)*	2023	2022	2021	23 vs 22
Direct emissions (Scope 1)	**3 675.3**	**4 158.1**	**4 696.1**	**-11.6%**
Emissions from trips in company cars	3 583.6	3 999.2	4 311.8	-10.4%
Emissions from emergency generators	12.8	10.2	1.3	25.5%
Emissions from leaks of fluorinated gases	78.9	148.7	382.9	-46.9%
Indirect emissions (Scope 2)**	**1 146.3**	**811.3**	**2 937.5**	**41.3%**
Emissions from the production of electricity purchased (market-based method)	1 146.3	811.3	2 937.5	41.3%
Emissions from the production of electricity purchased (Location based method)	1 534.8	2 013.3	2 386.5	-23.8%
Total (Scopes 1 and 2)	**4 821.6**	**4 969.4**	**7 633.6**	**-3.0%**
Indirect emissions (Scope 3)	**4 234.4**	**6 102.6**	**4 184.2**	-30.6%
Emissions from Employees' business trips, including flights	520.8	357.4	149.4	45.7%
Emissions from employees' home/ work daily trips***	3 608.9	5 649.5	3 909.8	-36.1%
Emissions over the life cycle of the paper consumed	82.2	71.0	76.6	15.8%
Emissions from the paper recycling process	3.7	3.2	3.9	15.6%
Emissions from water consumption	9.3	10.6	11.0	-12.3%
Emissions from wastewater treatment	9.5	10.8	-	-12.4%
Total (Scopes 1, 2 and 3)	**9 056.0**	**11 072.0**	**11 817.8**	**-18.2%**
Total (Scopes 1, 2 and 3) per employee	**2.2**	**2.7**	**2.8**	**-20.5%**
Financed Emissions	2 592 458.0	1 699 109.0	-	**52.6%**
Total (Scopes 1, 2 and 3 with financed emissions)	**2 609 423.7**	**1 720 441.6**	**-**	**51.7%**

**See methodological notes
**Scope 2 calculation by location-based method since 2018 only. The Total (S1+S2) was calculated using the Market-Based approach
*** Scope novobanco

Environmental Indicators Water consumption	2023	2022	2021	23 vs 22
Water consumption from public supply network (m^3)	35 010.2	39 870.2	41 355.1	-12.2%
Water consumption per employee (m^3/employee	8.3	9.8	9.9	-15.1%

Environmental Indicators Waste management	2023	2022	2021	23 vs 22
Paper sent for recycling (tonnes)	157.4	99.0	117.4	59.0%
Cardboard sent for recycling (tonnes)	61.8	51.9	66.3	19.1%
Other papers	4.1	-	-	-
Plastic Bank Cards sent for recycling (tons)	1.7	1.4	0	21.4%
Toner sent for recycling (units)	na	2 950	5 944	-

7.2 Social Indicators

Employees	2023	2022	2021	23 vs 22
Total	**4 209**	**4 090**	**4 193**	**2.9%**
Men (#)	1 926	1 880	1 944	2.4%
Men (%)	45.8%	46.0%	46.4%	-0,2 p.p.
Women (#)	2 283	2 210	2 249	3.3%
Women (%)	54.2%	54.0%	53.6%	2 p.p.

Employment contract	2023	2022	2021	23 vs 22
Total permanent workforce	**4 046**	**4 026**	**4 153**	**0.5%**
Men (#)	1 858	1 857	1 929	0.1%
Men (%)	45.9%	46.1%	46.4%	-0.2 p.p.
Women (#)	2 188	2 169	2 224	0.9%
Women (%)	54.1%	53.9%	53.6%	0.2 p.p.
Total Fixed-term Employees	**163**	**64**	**40**	**154.7%**
Men (#)	68	23	15	195.7%
Men (%)	41.7%	35.9%	37.5%	5.8 p.p.
Women (#)	95	41	25	131.7%
Women (%)	58.3%	64.1%	62.5%	-5.8 p.p.

Trainees and independent professionals*	2023	2022	2021	23 vs 22
Trainees	**10**	**10**	**14**	**0.0%**
Men (#)	5	4	5	25.0%
Women (#)	5	6	9	-16.7%
Temporary work	**13**	**42**	**30**	**-69.0%**
Men (#)	5	10	7	-50.0%
Women (#)	8	32	23	-75.0%
Provision of service	**1**	**2**	**4**	**-50.0%**
Men (#)	1	0	2	100.0%
Women (#)	0	2	2	-
Total (#)	**24**	**54**	**48**	**-55.6%**

* Not included in the total number of the Grupo novobanco employees. These are self-employed professionals who carry out their activity on the premises of Group companies, to whom the companies are responsible for their general safety in the work environment.

Employess Academic Qualifications	2023	2022	2021	23 vs 22
University Education	**3 245**	**3 117**	**3 100**	**4.1%**
Men (#)	1 414	1 356	1 357	4.3%
Men (%)	33.6%	33.2%	32.4%	0.4 p.p.
Women (#)	1 831	1 761	1 743	4.0%
Women (%)	43.5%	43.1%	41.6%	0.4. p.p.
High school/Basic Education	**964**	**973**	**1 093**	**-0.9%**
Men (#)	512	524	587	-2.3%
Men (%)	12.2%	12.8%	14.0%	-0.6 p.p.
Women (#)	452	449	506	0.7%
Women (%)	10.7%	11.0%	12.1%	-0.3 p.p.

Employee distribution by gender and professional category	2023	2022	2021	23 vs 22
Senior leadership				
Total	**481**	**481**	**472**	**0.0%**
Men (#)	295	307	301	-3.9%
Men (%)	7.0%	7.5%	7.2%	-0.5 p.p.
Women (#)	186	174	171	6.9%
Women (%)	4.4%	4.3%	4.1%	1 p.p.
< 30 years old	1	1	2	0.0%
30 to 50 years old	242	265	292	-8.7%
> 50 years old	238	215	178	10.7%
Leadership				
Total	**373**	**388**	**461**	**-3.9%**
Men (#)	205	218	257	-6.0%
Men (%)	4.9%	5.3%	6.1%	-0.4 p.p.
Women (#)	168	170	204	-1.2%
Women (%)	4.0%	4.2%	4.9%	-0.2 p.p.
< 30 years old	0	0	0	-
30 to 50 years old	244	272	346	-10.3%
> 50 years old	129	116	115	11.2%
Technical				
Total	**2 265**	**2 170**	**1 973**	**4.4%**
Men (#)	1 003	955	891	5.0%
Men (%)	23.8%	23.3%	21.2%	0.5 p.p.
Women (#)	1 262	1 215	1 082	3.9%
Women (%)	30.0%	29.7%	25.8%	0.3 p.p.
< 30 years old	145	101	111	43.6%
30 to 50 years old	1 456	1 524	1 459	-4.5%
> 50 years old	664	545	403	21.8%
Administrative				
Total	**1 083**	**1 044**	**1 279**	**3.7%**
Men (#)	416	393	487	5.9%
Men (%)	9.9%	9.6%	11.6%	0.3 p.p.
Women (#)	667	651	792	2.5%
Women (%)	15.8%	15.9%	18.9%	-0.1 p.p.
< 30 years old	143	84	61	70.2%
30 to 50 years old	562	639	831	-12.1%
> 50 years old	378	321	387	17.8%
Assistance				
Total	**7**	**7**	**8**	**0.0%**
Men (#)	7	7	8	0.0%
Men (%)	0.2%	0.2%	0.2%	-
Women (#)	0	0	0	-
Women (%)	-	-	-	-
< 30 years old	0	0	0	-
30 to 50 years old	4	4	4	0.00%
> 50 years old	3	3	4	0.0%

Admissions and departures	2023		2022		2021		23 vs 22	
	A	D	A	D	A	D	A	D
Total	**326**	**207**	**159**	**262**	**66**	**455**	**105.0%**	**-21.0%**
Gender								
Men	155	109	77	141	39	254	101.3%	-22.7%
Women	171	98	82	121	27	201	108.5%	-19.0%
< 30 years old	180	48	83	49	27	68	116.9%	-2.0%
30 to 50 years old	121	83	68	85	34	156	77.9%	-2.4%
> 50 years old	25	76	8	128	5	231	212.5%	-40.6%

A - Admissions; D - Departures

Staff turnover (%)	2023	20222	2021	23 vs 22
Total	**6.3%**	**5.0%**	**6.2%**	**1.3 p.p.**
Gender				
Men	3.1%	2.6%	3.5%	0.5 p.p.
Women	3.2%	2.4%	2.7%	0.8 p.p.
Age bracket				
< 30 years old	2.7%	1.6%	1.1%	1.1 p.p.
30 to 50 years old	2.4%	1.8%	2.3%	0.6 p.p.
> 50 years old	1.2%	1.6%	2.8%	-0.4 p.p.

Staff turnover including trainnees, temporary work and provision of services (%)	2023			2022			2021		23 vs 22	
	A	D	R	A	D	R		E	S	R
Total	**370**	**277**	**3.3%**	**218**	**314**	**6.4%**	**-**	**69.7%**	**-11.8%**	**-3.1 p.p.**
Gender							**-**			
Men	168	126	1.5%	92	155	3.0%	-	82.6%	-18.7%	-1.5 p.p.
Women	202	151	1.8%	126	159	3.4%	-	60.3%	-5.0%	-1.6 p.p.
Age bracket							**-**			
< 30 years old	211	102	1.2%	124	88	2.6%	-	70.2%	15.9%	-1.4 p.p.
30 to 50 years old	132	97	1.1%	84	97	2.2%	-	57.1%	0.0%	-1.1 p.p.
> 50 years old	27	78	0.9%	10	129	1.7%	-	170.0%	-39.5%	- 0.8 p.p.

A - Admissions; D - Departures

Performance evaluation	2023			2022			2021			23 vs 22		
	M	F	T	M	F	T	M	F	T	M	F	T
Employees (#)	**1 671**	**1 966**	**3 637**	**1 884**	**2 173**	**4 057**	**2 074**	**2 318**	**4 392**	**-11.3%**	**-9.5%**	**-10.4%**
Senior Leadership (#)	261	160	**421**	286	166	**452**	294	168	**462**	-8.7%	-3.6%	**-6.9%**
Senior Leadership (%)	85.0	92.0	-	-	-	-	-	-	-	-	-	-
Leadership (#)	200	163	**363**	254	199	**453**	285	220	**505**	-21.3%	-18.1%	**-19.9%**
Leadership (%)	91,7	95.9	-	-	-	-	-	-	-	-	-	-
Technical (#)	864	1 104	**1 968**	860	1 041	**1 901**	951	1 152	**2 103**	0.5%	6.1%	**3.5%**
Technical (%)	90.5	90.9	-	-	-	-	-	-	-	-	-	-
Administrative (#)	339	539	**878**	476	767	**1 243**	536	778	**1 314**	-28.8%	-29.7%	**-29.4%**
Administrative (%)	86.3	82.8	-	-	-	-	-	-	-	-	-	-
Assistance (#)	7	0	**7**	8	0	**8**	8	0	**8**	-12.5%	-	**-12.5%**
Assistance (%)	100	-	-	-	-	-	-	-	-	-	-	-

The performance evaluation ends in May of each year.
The values presented refer to the evaluation received in the year, but referring to year n-1
M - Male; F – Female; T - Total

Promotion	2023	2022	2021	23 vs 22
Function change (#)	303	283	251	7.1%
Merit (#)	1 038	1 002	811	3.6%
Total (#)	1 341	1 285	1 062	4.4%

Training hours / employee	2023		2022		2021		23 vs 22	
	T	A	T	A	T	A	T	A
Total	**169 433.2**	**40.3**	**164 052.3**	**40.1**	**179 294.0**	**42.8**	**3.3%**	**0.4%**
Gender								
Men	77 610.3	40.3	75 368.4	40.1	79 999.0	41.2	3.0%	0.5%
Women	91 822.9	40.2	88 683.9	40.1	99 295.0	44.2	3.6%	0.2%
Professional category								
Senior Leadership	**19 568.4**	**40.7**	**18 270.2**	**38.0**	**9 372.0**	**19.9**	**7.1%**	**7.1%**
Men	11 856.9	40.2	12 021.8	39.2	5 838.0	19.4	-1.4%	2.5%
Women	7 711.5	41.5	6 248.3	35.9	3 534.0	20.7	23.4%	15.5%
Leadership	**16 099.7**	**43.2**	**18 287.6**	**47.1**	**9 914.0**	**21.5**	**-12.0%**	**-8.4%**
Men	9 087.7	44.3	10 288.9	47.2	5 436.0	21.2	-11.7%	-6.1%
Women	7 012.0	41.7	7 998.7	47.1	4 478.0	22.0	-12.3%	-11.4%
Technical	**77 498.1**	**34.2**	**79 284.4**	**36.5**	**94 958.0**	**48.1**	**-2.3%**	**-6.3%**
Men	33 917.4	33.8	34 207.6	35.8	43 078.0	48.3	-0.8%	-5.5%
Women	43 580.7	34.5	45 076.9	37.1	51 880.0	47.9	-3.3%	-6,9%
Administrative	**56 238.1**	**51.9**	**48 191.1**	**46.2**	**65 049.0**	**50.9**	**16.7%**	**12.4%**
Men	22 719.3	54,6	18 831.1	47.9	25 647.0	52.7	20.6%	14.0%
Women	33 518.8	50.3	29 360.0	45.1	39 403.0	49.8	14.2%	11.4%
Assistance	**29.0**	**4.1**	**19.0**	**2.7**	**0.0**		52.6%	53.4%
Men	29.0	4.1	19.0	2.7	0.0		52.6%	53.4%
Women	0.0	0.0	0.0	0.0	0.0		-	-

T - Total; A - Average

Parental Leave	2023		2022		2021		22 vs 21	
	M	F	M	F	M	F	M	F
Employees who took parental leave	63.0	83.0	58.0	107.0	39	88	8.62%	-22.4%
Employees who returned to work after parental leave ended	62.0	55.0	58.0	58.0	39	50	6.90%	-5.2%
Employees who returned to work after parental leave ended and remained in service after 12 months	-	-	51	103	36	80	-	-
Return to work rate	98.4%	66.3%	100%	54.2%	100.00%	56.8%	-1.6 p.p.	12.1 p.p.
Retention rate after 12 months of work	-	-	87.9%	96.3%	92.3%	90.0%	-	-

M - Men; F - Femal

Health Services	2023	2022	2021	23 vs 22
Occupational Health - Occupational Medicine				
Medical exams	3 210	2 493	3 007	28.8%
General Practice Consultations	7 104	7 038	7 597	0.9%
Curative Medicine consultations and prescriptions	-	583	11 952	-
Consultations in other medical specialities				
Mental health consultations (psychology and psychiatry)	1 396	1 057	928	32.1%
Nutrition Consultations	467	457	383	2.2%
Nursing				
Total procedures (treatments, vaccination, medication, ECG)	2 400.0	4 337.0	6 772.0	-44.7%
Risk Prevention and Control Programmes				
Cardiovascular screening	2 920	2 091	2 408	39.6%
Cancer screening	1 016	659	724	54.2%
Vision screening	2 645	1 875	2 674	41.1%
Executive Check-up (for senior executives)	354	510	186	-30.6%

Health and Safety Indicators	2023	2022	2021	23 vs 22
Work related accidents	**38**	**29**	**27**	**31.0%**
Men	4	11	10	-63.6%
Women	34	18	17	88.8%
Occupational diseases	**9**	**-**	**-**	**-**
Men	3	-	-	-
Women	6	-	-	-
Deaths	**0**	**0**	**0**	**-**
Men	0	0	0	-
Women	0	0	0	-
Accident rate	**5.0%**	**3.9%**	**3.8%**	**1.1 p.p.**
Men	1.1%	3.2%	3.0%	0.2 p.p.
Women	8.3%	4.6%	4.6%	-
Lost day rate	**0.1%**	**0.1%**	**0.0%**	**-**
Men	0.0%	0.1%	0.0%	0.1 p.p.
Women	0.1%	0.1%	0,0%	0.0 p.p.
Absenteeism rate	**2.4%**	**2.7%**	**3.2%**	**-0.3 p.p.**
Men	1.6%	1.9%	2.3%	-0.3 p.p.
Women	3.1%	3.4%	3.9%	-0.3 p.p.
Health and safety trainning				
Health training hours (#)	836.0	3 844.0	29.0	-78.3%
Safety training hours (#)	1 341.0	4 409.0	520.5	-69.6%
Hours of health awareness promotion (#)	6 665.0	6 013.0	2 938.0	10.8%
Total (#)	**8 842.0**	**14 266.0**	**3 487.5**	**-38.0%**
Safety audits to the premises (#)	164	178	107	-7.9%
Ergonomic assessments (#)	19	16	2	18.8%
Expert identifications and risk assessment of activities (IPAR) (#)	152	168	150	-9.5%
Thermal environment assessments (#)	0	2	1	-100.0%
Indoor air quality assessments (#)	0	0	0	-
Lighting assessments (#)	144	0	0	100.0%
Investigation of Causes of Work Injuries (#)	14	11	6	27.3%
Evaluation of conformity with COVID-19 requirements (#)	-	3	-	-
Investigation of Causes of Occupational Illnesses (#)	10	15	-	-33.33%
Elaboration/Follow-up of Integrated Action Plan (#)	161	184	-	-13%
Risk Assessment and List of Work Equipment (#)	151	164	-	-7.9%

Associativism	2023	2022	2021	23 vs 22
Employees covered by Collective Bargaining Agreements (#)	4 113	3 964	4 032	3.8%
Employees covered by Collective Bargaining Agreements (%)	97.7%	96.5%	96.2%	1.2 p.p.
Unionized employees (#)	3 931	3 786	3 901	3.8%
Unionized employees (%)	93.4%	92.6%	93.0%	0.8 p.p.

Employee Benefits	2023	2022	2021	23 vs 22
Education support (thousand €)	**702.2**	**706.5**	**705.9**	**-0.6%**
Early childhood benefits (#)	280	367	398	-23.7%
Early childhood benefits (thousand €)	380.5	423.4	454.4	-10.1%
School grants (#)	360	268	224	34.3%
School grants (thousand €)	218.1	196.5	164.1	11.0%
Support to children and youths with special needs (#)	105	94	91	11.7%
Support to children and youths with special needs (thousand €)	103.6	86.6	87.4	19.6%
Support to retired employees (thousand €)	**126.2**	**87.7**	**124.7**	**43.9%**
Expenses with senior residences, day-care centres, home, support, medicines and other basic necessities (#)	66	67	68	-1,5%
Support for active and retired employees (thousand €)	**828.4**	**794.2**	**830.6**	**4,3%**
Christmas gift (#)	**3 032**	**3 160**	**3 171**	**-4.1%**
Christmas gift (thousand €)	121.8	126.4	126.8	-3.6%
Under the ACT (Collective wage agreement) (thousand €)	**30 782.9**	**17 904.8**	**33 645.2**	**71.9%**
Residential mortgage loans (thousand €)	22 653.1	16 345.2	31 611.9	38.6%
Acquisition of consumer goods (thousand €)	2 129.8	1 559.6	2 033.4	36.6%
Social support	6 000.0	0.0	0.0	100.0%
In portofolio	**274 141.5**	**257 487.2**	**271 856.0**	**6.5%**
Residential mortgage loans (thousand €)	265 530.0	247 930.6	260 419.1	7.1%
Acquisition of consumer goods (thousand €)	8 611.5	9 556.6	11 436.9	-9.9%

Employees with disability more than 60% (Law No. 4/2019)	2023			2022			2021	23 vs 22
	M	F	T	M	F	T	T	T
Senior leadership (#)	3	6	9	3	5	8	-	-12.5%
Leadership (#)	4	3	7	4	4	8	-	-12.5%
Technical (#)	21	44	65	16	42	58	-	-12.5%
Adminsitative (#)	17	22	39	14	22	36	-	-8.3%
Assistance (#)	1	0	1	1	0	1	-	0%
Total (#)	**46**	**75**	**121**	**38**	**73**	**111**	**-**	**159**

7.3 Governance Indicators

Gender Equality (under-represented gender)	2023	2022	2021	23 vs 22
Board of Directors and 1st line Sennior Leadership (underrepresented gender)	**27.3%**	**27.5%**	**25.5%**	**-0.2 p.p.**
Senior leadership and leadership	38.7%	36.2%	36.7%	2.5 p.p.
Equal pay indicator	5.4%	5.7%	5.9%	-0.3 p.p.
Ratio of women's total remuneration to men's total remuneration per employee category				
Senior leadership	0.87	0.90	0.88	-0.03 p.p.
Leadership	0.96	0.97	0.97	-0.01 p.p.
Technical	0.90	0.90	0.90	0.00 p.p.
Adminsitative	0.92	0.91	0.90	0.01 p.p.
Assistance	-	-	-	-
Total	**0.81**	**0.81**	**0.76**	**0.00 p.p.**

Scope of the Novobanco Group includes: Board of Directores of the Group's companies (novobanco + novobanco dos Açores Banco Best GNBGA) + senior leadership of novobanco

Suppliers that endorsed novobanco Group's relationship principles and have a sustainability scoring (%)	2023	2022	2021	23 vs 22
	75.7%	61.1%	52.0%	14.6 p.p.

8 ABOUT THIS REPORT

This report describes the manner in which the novobanco Group approaches sustainability in the management of its activity, in its involvement with employees and clients, in carrying out sustainable business and in ensuring responsible conduct. It also details the Group's sustainability performance in the last two years.

This report was drawn up in accordance with the Global Reporting Initiative (GRI) model, standard option. The GRI table is available in the Bank's website, at: NOVO BANCO/Institutional/Sustainability/ Sustainability Report. This report, which under the terms of Article 508-G of the Commercial Companies Code constitutes the Non-Financial Statement of the novobanco Group, is also drawn up for compliance with the legal requirements introduced by Decree-Law no. 89/2017, of 28 July.

Ernst & Young, Audit & Associados, SROC, SA has provided independent assurance to this sustainability performance, considering that the relevant indicators were reported in accordance with the GRI sustainability reporting standards and with Decree-Law no. 89/2017, as can be seen on pages 288 and 289.

The 2023 Sustainability Report complements and details the information contained in the 2023 Annual Report, providing evidence that sustainability is an integral part of the Bank's strategy.

In order to continue to progress and improve its performance, NOVO BANCO takes into account the concerns and suggestions of its stakeholders. To this end, any questions, comments or suggestions may be sent to the following email address:

sustentabilidade@novobanco.pt

8.1 Methodological Notes

Social	
Staff Turnover	((Number of admissions + departures)/2) / total employees) and ((Number of entries + exits / 2) total employees)2 with interns, temporary work and Service Provision
New hires rate	New hires in 2022/total number of employees in 2023
Accident Rate	Number of accidents at work/Hours worked*1000000
Absenteeism Rate	Number of absences (without maternity / paternity leave)/Possible working hours*100
Retention Rate	Total number of employees retained in 12 months after returning to work following parental leave/Number of employees who returned from parental leave in the previous year * 100, by gender
Return to Work Rate	Ratio between the number of employees who remain employed 12 months after returning to work from maternity/paternity leave and the number of employees who returned from maternity/paternity leave in the previous year.
Average training hours per gender	Total number of training hours per gender/Total number of employees in each gender
Average training hours per professional category	Total number of training hours per professional category/Total number of employees in each category
Branches located in low density areas	Number of branches located in the 165 low-density municipalities identified by Deliberation 55/2015 of the Interministerial Commission for Coordination, Portugal 2020
Senior leadership	Department and team management and coordination, with responsibilities and activities at the most strategic level, directly linked with top management. Function that operates at the level of planning, managing, supervising, and monitoring the business objectives. Defines and monitors the execution of an annual budget and decides over measures to mitigate deviations. Defines and delegates objectives to lower levels and monitors their achievement.
Leadership	Works in the planning, coordination and execution of the team's daily activities and projects. Guarantees the implementation of decisions made by management. Manages work teams and ensures good and efficient interpersonal relationships.
Technical	Operationalizes technical knowledge in an area of expertise. Has a breadth of knowledge about their area of professional activity and adjacent functional activities. Supervises activities of a more technical and operational nature, as well as verifying the correct execution of related tasks performed by others.
Administrative	Performs tasks related to the Bank's general business hours. Processes and archives information, respecting archive rules and procedures. Completes and checks documentation to support the Bank's operational and daily activities, as well as assisting and directing, by telephone or in person, internal and external people to the company, depending on the type of information or service required.
Assistance	Participates in the preparation of daily tasks of a very operational nature, carrying out the necessary activities, under guidance. Performs routine operations and checks the general condition of facilities and equipment, ensuring their maintenance and conservation.

Environment

Water	Estimate based on real water consumption in 100% of the central buildings and 48% of the branches.
Electricity	Amount calculated directly from EDP records and billing and remaining suppliers.
Generators diesel	Diesel consumption in 2021 is an estimate based on the number of hours generators were operating.
Energia	To calculate direct energy consumption (fuel consumption) in GJ, the following formula was used: Fuel consumption (l) * PCIX * Density X / 1000, using the following conversion factors:
PCI diesel (road)	42.8 GJ/t (Source: Order No. 17313/2008 (SGCIE)
PCI petrol (road)	0.84 kg/l (Source: DGEG 2017, data on 9/21/2019)
Density of diesel (generators)	44.3 GJ/t (Source: Order No. 17313/2008 (SGCIE)
Density of diesel (generators)	0.74 kg/l (Source: DGEG 2017, data on 09/21/2019)
CO_2 Emissions Scope 1	When calculating emissions from energy consumption, the following formula was used: Emission = Consumption X * Emission factor (FE)X It also includes the following emission factors and parameters used to calculate Greenhouse Gas (GHG) emissions: - Diesel (generators): 0.078 ton CO_2eq/GJ • Light car, gasoline, engine capacity < 1,400 cm³ - 0.164 kg CO_2e/km (Source: APA – NIR 2023) • Light car, gasoline, engine capacity ≥ 1,400 and < 2,000 cm³ - 0.195 kg CO_2e/km (Source: APA – NIR 2023) • Light car, gasoline, engine capacity ≥ 2000 cm³ - 0.228 kg CO_2e/km (Source: APA – NIR 2023) • Light car, diesel, engine capacity < 2,000 cm³ - 0.172 kg CO_2e/km (Source: APA – NIR 2023) • Light car, diesel, engine capacity ≥ 2,000 cm³ - 0.172 kg CO2e/km (Source: APA – NIR 2023) • Hybrid Car - 0.142 kg CO_2e/km (Source: APA – NIR 2023)
CO_2 Emissions Scope 2	When calculating emissions from energy consumption, the following formula was used: Emission = Consumption X * Emission factor (FE)X It also includes the following emission factors and parameters used in calculating GHG emissions: • Mainland electricity production – market based method - 0.217 kg CO_2e/kWh (Source: 2023 supply mix – EDP Business Customers) • Mainland electricity production – location based method - 0.137 kg CO_2e/kWh (Source: APREN, energy mix 2022) • Electricity production on the island of Madeira – location and market method - 0.518 kg CO_2e/kWh (Source: EE Madeira 2022) • Electricity production on the island of the Azores – location and market method - 0.446 kg CO_2e/kWh (Source: EDA, Report and Accounts 2022)

Environment

CO_2 Emissions Scope 3	The calculation includes emissions resulting from the movements ofemployees at work, Home/Work/Home (CTC) travel, using the following formula: Emission = Trip (km) It also includes the following emission factors and parameters used when calculating GHG emissions: • Diesel Car - 0.210 kg CO_2e/km (Source: APA - NIR 2021) • Gasoline car - 0.208 kg CO_2e/km (Source: APA - NIR 2021) • LPG car - 0.193 kg CO2e/km (Source: APA - NIR 2021) • Hybrid Car - 0.144 kg CO_2e/km (Source: APA - NIR 2021) • Electric car - 0.018 kg CO_2e/km (consumption of 13.3 kW/100 km) (Source: APREN 2021) • Bus - 0.131 kg CO_2e/km (Source: DEFRA 2020); 1,420 kg CO_2e/km (Source: STCP 2011) and 0.189 kg CO_2e/km (Source: Carris 2020) • Metropolitan - 0.06 kg CO_2e (Source: Metro Lisboa 2016) and km, 0.040 kg CO_2e/km (Source: Metro do Porto 2018) • Train - 0.024 kg CO_2e/km (Source: CP 2019) and 0.021 kg CO_2e/km (Source: Fertagus 2013/2014) • Boat - 0.190 CO2e/km (Source: Transtejo+Soflusa, 2014) • Motorcycle (gasoline) - 0.132 kg CO_2e/km (Source: APA - NIR 2021) • Motorcycle (electric) - 0.012 kg CO_2e/km (Consumption of 9 kW/100 km) (Source: APREN 2021) • Motorcycle (diesel) – 0.134 kg CO_2e/km (Source: APA - NIR 2021) • Airplane Emission = Travel (Km) X * FEX * Take-off Factor * RFI2 • It also includes the following emission factors and parameters used when calculating GHG emissions: • Airplane, Domestic Flight FE CO2 - 0.17147 kg CO2e/km (Source: GHG Protocol: Emission Factors from Cross-Sector Tools 2017) • Airplane, Short Course Flight FE CO2 - 0.09700 kg CO2e/km (Source: GHG Protocol: Emission Factors from Cross-Sector Tools 2017) • Airplane, Long Haul Flight FE CO2 - 0.11319 kg CO2e/km (Source: GHG Protocol: Emission Factors from Cross-Sector Tools 2017) • Airplane, Domestic Flight FE CH4 - 0.0001 kg CO2e/km (Source: DEFRA 2021) • Airplane, Short Course Flight FE CH4 - 0.00001 kg CO2e/km (Source: DEFRA 2021) • Airplane, Long Haul Flight FE CH4 - 0.00001 kg CO2e/km (Source: DEFRA 2021) • Airplane, Domestic Flight FE N2O - 0.00122 kg CO2e/km (Source: DEFRA 2021) • Airplane, Short Course Flight FE N2O - 0.00076 kg CO2e/km (Source: DEFRA 2021) • Airplane, Long Haul Flight FE N2O - 0.00096 kg CO2e/km (Source: DEFRA 2021) • Takeoff Factor - 109% (Source: DEFRA/IPCC 1999) • RFI - 1.9% (Source: DEFRA/IPCC 1999 It also includes the following emission factors and parameters used in thecalculation of GHG emissions from wastewater treatment: 0.0019 kgCH4/per day (the day corresponded to 8 hours and were considered the days of in-person work of employees in 2021), with the following factors: • Global Warming Potential (GWP)/(GWP) CO2 – 1 • GWP (GWP) CH4 – 28 • GWP (GWP) N2O - 265 It also includes the following emission factors for calculating emissions associated with paper consumption, treatment of paper sent to recycling and water consumption: • Paper life cycle - 0.3 t CO2e/t paper consumed (Source: CEPI - Key Statistics 2020) • Paper recycling - 0.0213 kg CO2e/kg of paper sent for recycling (Source: DEFRA 2021) • Water consumption - 0.265 kg CO2e/m3 of water collected (Source: EPAL 2017) • Water treatment – 0.272 kg CO2e/m3 of treated water

APA – Agência Portuguesa do Ambiente (Portuguese Environment Agency)

Governance

Remuneration Ratio	Ratio of total pay between women and men, by function category - (women pay / men pay)*100
Sustainability Scoring	Calculated based on information collected through the registration form completed by suppliers on the Novobanco Group's Supplier Portal, based on a set of criteria in the following dimensions and with the respective weighting: Labour and Governance – 40%; Occupational health and safety– 30% and Environment – 30%

Clients

Customer service	The weight of customers very satisfied with the service is measured by the % of responses of 8 to 10 on a scale of 1 to 10
Global satisfaction	The weight of very satisfied customers with the Bank corresponds to the % of responses from 8 to 10 on a scale of 1 to 10.
Confidence	The confidence index corresponds to the average of responses on a scale of 0 to 10, with the average being converted into an index of 0 to 100
Net Promoter Score	The Net Promoter Score is calculated based on the recommendation intention, as the difference between the % of promoters and the % of detractors
Very Satisfied Clients	The weight of very satisfied clients is measured by the % of responses of 8 to 10 on a scale of 1 to 10
Complaint rate per 1000 active clients	Number of existing complaints divided by the number of active clients, with active clients considered as those that used the Bank's service in the last 3 months.
Branches located in low density areas	Number of branches located in the 165 low-density municipalities identified by Deliberation 55/2015 of the Interministerial Commission for Coordination, Portugal 2020

8.2 GRI Table

SR – Sustainability Report
MG- Mangement Report
FD – Financial Demonstrations

novobanco Group
novobanco Group (novobanco, novobanco dos Açores, Banco Best e GNBGA
novobanco

DECLARATION OF USE	novobanco reported in accordance with the GRI Standards for the period from January 1 to December 31, 2023
VERSION	GRI: Foundation 2021
GRI STANDARDS APPLICABLE SECTORS	N.A. on the date of publication of this Report

GRI 2: GENERAL DISCLOSURES 2021	Page in the Report	SDG	GC Principles	Omissions	Scope
ORGANISATIONAL PROFILE	AR- Novo Banco, S.A. MR – Av. da Liberdade, nº 195, 1250-142 Lisboa SR – pages 25-126;132.				
2-1 Organizational details	The 2023 Sustainability Report covers the novobanco Group – novobanco, novobanco dos Açores, Banco Best and GNBGA. MR – pages 16-23; 28-34; 68-75. FS – page 298, note 1.				
2-2 Entities included in the organization's sustainability reporting	The 2023 Sustainability Report covers the novobanco Group – novobanco, novobanco dos Açores, Banco Best and GNBGA. The information on employees reported in this report has the same scope as the Annual Report, i.e., it covers permanent employees, fixed-term contracts and employees on loan.				
2-3 Reporting period, frequency and contact point	Reporting period: 1 January to 31 December 2023 Frequency: yearly Sustainability points of contacts: sustentabilidade@novobanco.pt				
2-4 Restatements of information	The 2023 Sustainability Report covers the novobanco Group scope (novobanco, novobanco dos Açores, Banco Best and novobanco Gestão de Ativos Group). Significant changes occurred during the period covered by the report: Benjamin Dickgiesser joined the Executive Board of Directors ("CAE") of novobanco in the current mandate (2022-2025), in the role of Chief Financial Officer. Appointment of Evgeniy Kazarez as Board Member General and Supervision ("CGS") for the current term (2021-2024).				

GRI 2: GENERAL DISCLOSURES 2021	Page in the Report	SDG	GC Principles	Omissions	Scope
	Increase in the Bank's share capital to the amount of 6 567 843 862.91 Euros. Nani Holdings S.G.P.S., S.A – 75.00% Fundo de Resolução (Resolution Fund) – 13.04% Directorate General for the Treasury and Finance – 11.96% SR – pages 124-125. MR – pages 124-125.				
2-5 External assurance	SR – pages 288-289.				
ACTIVITIES, VALUE CHAIN AND OTHER BUSINESS RELATIONSHIPS					
2-6 Activities, value chain and other business relationships	SR – pages 123; 140- 152; 171-173;177-191; 203-207;225-230; MR – pages 19; 20-25;68-73 FS – page 298, note 1 Sustainability website> Sustainable Business The 2023 Sustainability Report covers the novobanco Group scope (novobanco, novobanco dos Açores, Banco Best and novobanco Gestão de Ativos Group). The information on employees reported in this report has the same scope as the Annual Report, i.e., it covers permanent employees, fixed-term contracts and employees on loan. The employees with the remaining employment contracts - interns, temporary workers and service providers - totalling 24 (11 men and 13 women) in 2023 it represent 0,56% of the group's total workforce.				

Links Labor	M	W	Variation 2023/2022
Trainees	5	5	0%
Temporary workers	5	8	-69.0%
Service providers	1	0	-50.0%
Total	11	13	-55.6%

GRI 2: GENERAL DISCLOSURES 2021	Page in the Report	SDG	GC Principles	Omissions	Scope
	Please see note 2-4. SR – pages 121; 176-195;246-255.				
2-7 Employees	SR – pages 121; 176-195;246-255. MR – pages 48-49.	8	6		
2-8 Workers who are not employees	SR – pages 247; 249.	8	6		
GOVERNANCE OF THE ORGANIZATION					
2-9 Governance structure and composition	SR – pages 197-199. MR – pages 84-111; 28-32. Novobanco Group website > About novobanco > Governance	5, 16			
2-10 Nomination and selection of the highest governance body	SR – pages 127-130. MR – pages 2-30, 75-96. Novobanco Group website > About novobanco > Company Documents > Articles of association	5, 16			
2-11 Chair of the highest governance body	SR – pages 197-199. MR – pages 28-32; 84-111. Novobanco Group website > About novobanco > Company Documents > articles of association	16			
2-12 Role of the highest governance body in overseeing the management of impacts	The Chairman of the Executive Board of Directors and remaining members of the Executive Board of Directors and General and Supervisory Board who are part of the Sustainability Steering Committee, control and approve sustainability management on a monthly basis, based on the objectives defined for 2024 and 2030. These objectives are monitored through an action plan and the coordination of teams appointed to implement both the E - pillar (ESG pillar) of the bank's strategy, and the Social Dividend model, with objectives defined for 2021, quarterly assessed.	16			

GRI 2: GENERAL DISCLOSURES 2021	Page in the Report	SDG	GC Principles	Omissions	Scope
	The social dividend aims to give back to the bank's employees and the community in general what the bank generates with its activity. These models and respective procedures ensure the alignment of sustainability performance across the Bank's various operations, through coordination of the initiatives with the officers appointed in each operation. SR – pages 197-199. MR – pages 28-32; 84-111. Novobanco Group website >About novobanco > Governance	16			
2-13 Delegation of responsibility for managing impacts	Board Of Directors, Committees, Sustainability Steering. SR – pages 197-199. MR – pages 28-32; 84-111. Novobanco Group website > About novobanco > Governance				
2-14 Role of the highest governance body in sustainability reporting	The Annual Report and the Sustainability Report are approved by the Executive Board of Directors and the General and Supervisory Board.				
2-15 Conflicts of interest	SR – pages 197-199. MR – pages 28-32; 84-111. Novobanco Group website > About novobanco > Governance > Conflict of interests policy	16			
2-16 Communication of critical concerns	SR – pages 197-199. MR – pages 28-32; 84-111. Novobanco Group website > About novobanco > Governance > Whistleblowing Policy				
2-17 Collective knowledge of the highest governance body	SR – pages 197-199. MR – pages 28-32; 84-111. Novobanco Group website > About novobanco > Governance	4			
2-18 Evaluation of the performance of the highest governance body	The performance evaluation of CAE members was carried out annually considering the performance and defined objectives. The attribution of annual variable remuneration is defined based on compliance with financial and non-financial, individual and key performance indicators (KPI).corporate, agreed with each member of the Executive Board of Directors.				

GRI 2: GENERAL DISCLOSURES 2021	Page in the Report	SDG	GC Principles	Omissions	Scope
	KPIs are definitions based on a combination of the Bank's overall financial performance, areas of member's individual responsibility (including the development of employees reportingdirect and the compliance with ESG factors). For more information consult Remuneration Policy for Management and Supervisory Bodies available on the institutional website, Novobanco Group > About Us > Governance > Corporate Documents and Main Regulations SR – pages 197-199. MR – pages 27-30, 75-96.				
2-19 Remuneration policies	SR – pages 127-130. MR – pages 27-30; 89-92. Novobanco Group website > About novobanco > Governance > Company documents				
2-20 Process to determine remuneration	SR – pages 197-199. AR – pages 28-32; 99-105. Novobanco Group website > About novobanco > Governance > Company documents				
2-21 Annual total compensation ratio	Median annual total compensation for all employees (excluding the highest-paid individual); €42 447,60 CEO total annual remuneration: € 990 000,00 Change in CEO remuneration: 155.7% Ratio of the CEO total annual compensation to the median annual total compensation for all employees (excluding the highest-paid individual) 23.32 In 2023 and within the scope of the Collective Bargaining Agreement, there was a salary increase of 4.50%. Average Remuneration: 6.2%				
STRATEGY, POLICIES AND PRACTICES					
2-22 Statement on sustainable development strategy	AR – CEO Talk com Mark Bourke pages 3-9. SR – pages 121-123.				

GRI 2: GENERAL DISCLOSURES 2021	Page in the Report	SDG	GC Principles	Omissions	Scope
2-23 Policy commitments	SR – pages 171-178; 180;185; 204-206. MR – 93-100. novobanco Group website > About novobanco > Company Documents	16	10		
2-24 Embedding policy commitments	SR – pages 171-178; 180;185; 204-206. MR – 93-100. novobanco Group website > About novobanco > Company Documents	16	10		
2-25 Processes to remediate negative impacts	SR – pages 171-177; 180;185, 204-206. MR – pages 93-100.	16	10		
2-26 Mechanisms for seeking advice and raising concerns	SR – pages 126,178. MR – page 94.	16	10		
2-27 Compliance with laws and regulations	During 2023, the Group will notwas aware of cases of non-compliance with laws and regulations	16	8		
2-28 Membership associations	SR – pages 139; 144; 157-162; 173. Sustainability website > Sustainable business > Our approach and policies				
STAKEHOLDER ENGAGEMENT					
2-29 Approach to stakeholder engagement	SR – 113;115;139;144-145, 157-163; 171;173.				
2-30 Collective bargaining agreements	SR – page 254.	4			

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
3-1 Process to determine material topics	SR – pages 128-131.				
3-2 List of material topics	SR – pages 128-131.				
ECONOMIC INDICATORS TOPIC: ECONOMIC PERFORMANCE					
3-3 Explanation of the material topic and its Boundary	The Strategic Plan defined for the 2024-2026 three-year period aims to provide the novobanco Group with the necessary conditions to fulfill its mission of being the trusted bank that supports families and companies throughout their lives. This mission guides and underpins everything that novobanco does and allows it to build long-term value, invest for growth, focused on delivering a social dividend with a positive contribution to society and driving sustainable returns for shareholders. novobanco's business model is based on 2 segments of commercial banking: companies and individuals. In both, it seeks to anticipate and respond to the needs of its customers, offering innovative, effective and transparent banking products and services, based on high ethical and integrity standards, and based on quality and satisfaction assessment mechanisms. novobanco's strategic approach is based on four pillars, which support its competitive positioning. During the current year, integration was reinforced between the bank's strategy and its actions in terms of environmental, social and governance strengthening actions. Each of the bank's strategic pillars is aligned with its ESG vision and priority SDGs; • Elevate the bank's customer-centric approach, with differentiated value propositions, leveraging a digital and omnichannel approach. reinforcing its role in supporting the needs arising from the energy transition of its customers; • Provide simple and efficient operations, which improve the banking experience, and ensure a more sustainable environmental and social footprint; • Develop people and culture, attracting and actively cultivating a team of qualified professionals who are a reference to our bank's fundamental values, including the objectives of inclusion, diversity and strengthening the well-being of all employees. • Ensure sustainable performance, in terms of risk management and strengthening the integration of ESG components into the business, including climate and environmental risk. The Group monitors indicators defined within the scope of the strategic plan associated with this topic on a monthly basis.				

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
201-1 Direct economic value generated and distributed	Banking Income: €1 438.7M MR – page 63. Banking Income: €1 438.7M MR – page 63. General and administrative expenses: €182.9 million MR - Page 65. Staff Costs: €252.7 million MR - page 65. Payments to providers of Capital - Shareholders - There was no distribution of dividends Taxes: €15.1M million FS – page 373, note 28 Community Investments: €0,474 million in donations SR – pages 159-161. Economic Value Distributed: €451.1M Economic Value Retained €987.6M	2, 5, 8, 9			
201-2 Financial implications and other risks and opportunities due to climate change	SR – pages 141-16; 223-241. MR – pages 51-59.	13			
201-3 Defined benefit plan obligations and other retirement plans	SR – pages 156-162;176-195;252.				
201-4 Financial assistance received from governance	FS – page 388, note 35.				
TOPIC: MARKET PRESENCE					
3-3 Explanation of the material topic and its Boundary	See Indicator 3-3 Aspect: Economic Performance of this table. Additionally, novobanco has participated over the years in several sustainable financing initiatives in partnership with its competitors. In 2019 he signed the "Commitment Letter for Sustainable Financing in Portugal", which aims to contribute to the promotion of sustainable investment practices in the country, with the purpose of accelerating the process of a carbon neutral economy by 2050 in full partnership with its peers. It also participates in two more working groups underlying the theme of Sustainable Financing, namely the Portuguese Association of Banks and the Portuguese Association of Investment Funds, Pensions and Assets. Integrated into its new strategic plan, one of the priorities is the pillar of partnerships that try to find added value and new relevant partners for the development of value propositions in the financial sector, trying to provide a global ecosystem response to customers by finding value in partners.The Group is part of several working groups that aim to create methodologies and tools to respond to sustainability challenges for both individuals and companies. The Bank monitors indicators associated with this topic and reports them in the Report & Accounts, on the institutional website and in the Sustainability Report.				

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	For the professional categories that are representative of its workforce, novobanco pays a minimum salary that is higher than the national minimum wage (the lowest salary paid by novobanco is 1.51 times higher than the national minimum wage).	5, 7, 8	6		
202-2 Proportion of senior management hired from the local community	The group develops most of its activity in Portugal. Local hiring is an integral part of the Bank's hiring practices. Priority is always given to local employees, so as to build a sustained and competent workforce, with possibilities for career advancement, moving on to leadership positions. Consequently, management positions are mostly held by local employees and non-local employees are few. For positions on the Executive Board of Directors, please see: MR – pages 30-31.	8	6		
TOPIC: INDIRECT ECONOMIC IMPACTS					
3-3 Explanation of the material topic and its Boundary	The novobanco Group has promoted several initiatives with indirect economic impacts over the years. The novobanco Group monitors indicators associated with this topic and reports them both in the Annual Report, on the website and in the Sustainability Report.				
203-1 The management approach and its components	SR – pages 141-152. MR – pages 68-73.	2, 5, 7, 9, 11			
203-2 Evaluation of the management approach	SR – pages 128-131: 140-155. MR – pages 6-43; 68-73.	1, 2, 3, 8, 10, 17			

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
TOPIC: PROCUREMENT PRACTICES					
3-3 Explanation of the material topic and its Boundary	The novobanco Group has promoted several initiatives in this area over the years by creating a sustainability score in the process of registering its suppliers on the Suppliers portal. The novobanco Group monitors indicators associated with this topic and reports them both in the Annual Report, on the website and in the Sustainability Report. SR – pages 128-131; 139-140; 171-173;241.				
204-1 Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation	The novobanco Group acquires its regular consumption products, such as stationery, equipment and specialised services for mainland Portugal and the Islands, from national companies. Around 92.1% of the expenses refer to national suppliers vs 7.9% of international suppliers. SR – pages 171-177;255.	12			
TOPICS: ANTI-CORRUTION					
3-3 Explanation of the material topic and its Boundary	The novobanco Group focuses on the prevention, detection, reporting and management of situations involving risks of conduct or irregular conducts, based on principles of integrity, honesty, diligence, competence, transparency and fairness. The novobanco Group monitors indicators pertaining to this topic and reports the results in its Annual Report, institutional website and Sustainability Report.				
205-1 Total number and percentage of operations assessed for risks related to corruption	The 2023 Sustainability Report covers the novobanco Group – novobanco, novobanco dos Açores, Banco Best and GNBGA. Financial crime management Communications to judicial entities: 571 Answers to requests from judicial entities: 1349 Total number of reported cases of corruption and related offenses (Decree-Law 109-E/2021): 0 MR – page 95.	16	10		

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
205-2 Total number and percentage of employees trained in the organization's anti-corruption policies and practices	MR – page 95.				
205-3 Medidas tomadas em resposta a casos de corrupção	Please see indicator 2-27.	16	10		
TOPICS: ANTI COMPETITIVE BEHAVIOUR					
3-3 Explanation of the material topic and its Boundary	The group carries out its activity in strict compliance with the law and regulations applicable to its activity and in accordance with a set of standards, principles and values, in an ethical manner, respecting and responding to all stakeholders. With this purpose, it guides and sustains its operations, which allows it to build long-term value, invest for growth, focused on delivering a dividend with a positive contribution to society and driving a sustainable return for shareholders.				
206-1 Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant	There is no record of any legal action regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation involving the Bank in 2023.	16			
ENVIRONMENTAL INDICATORS TOPIC: MATERIAL					
3-3 Explanation of the material topic and its Boundary	The novobanco Group has over the years promoted several initiatives aimed at reducing its direct environmental impact. Some of these measures are included it is Environmental programme, which is integrated in its Social Dividend model. The novobanco Group monitors indicators pertaining to this topic and reports the results in its Sustainability Report and sustainability website> Sustainable business>Our approach and policies				
301-1 Materials used by weight or volume	SR – pages 123; 164-170 ; 243;245.	8, 12	7, 8		

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
TOPIC: ENERGY WATER AND CO_2 EMISSIONS					
3-3 Explanation of the material topic and its Boundary	Over the years, the novobanco Group has promoted various initiatives aimed at reducing its direct environmental impact, some of which are included in its Environment programme, which is integrated into its Social Dividend model. novobanco has promoted several initiatives that allow the reduction of energy consumption, mainly in terms of electricity consumption. In most of its buildings, energy consumption comes from renewable sources. It carries out its annual inventory of CO2 emissions, in 2021 for the first time carried out within the scope of the novobanco Group. In 2019, and within the scope of the commitment to reduce CO2 emissions, the bank signed the letter "Business Ambition for 1.5ºC", a document recently presented by the United Nations Global Compact, with this signature, the bank assumes the commitment to preserve the planet and limiting temperature increases to 1.5ºC by 2050, committing to present a scientific project to reduce CO2 emissions resulting from its activity. The Group has also promoted initiatives that aim to reduce its direct environmental impact in terms of its water consumption in view of the scarcity of this resource. The novobanco Group monitors indicators associated with this topic and reports them in the Sustainability Report and on the Sustainability website> Sustainable website>We are taking care of the environment				
302-1 Energy consumption within the organisation	SR – pages 167;243.	7,8 12 13	7,8		
302-3 Energy intensity	SR – pages 167;243.	7,8 12 13	8		
302-4 Reduction of energy consumption	SR – pages 167;243.	7,8 12 13	8,9		
302-5 Reductions in energy requirements of products and services	SR – pages pages 167;243.	7,8 12 13	8,9		
303-3 Water catchment	SR – page 245.	7			
305-1 Direct (Scope 1) GHG emissions	SR –pages 168;244.	3 12 13 14 15	7,8		

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
305-2 Energy indirect (Scope 2) GHG emissions	RS –páginas 168;244.	3 12 13 14 15	7,8		
305-3 Energy indirect (Scope 3) GHG emissions	SR –pages 168;244.	3 12 13 14 15	7,8		
305-4 GHG emissions intensity	SR –pages 168;244.	13 14 15	8		
305-5 Reduction of GHG emissions	SR –pages 168;244.	13 14 15	8,9		
305-6 Emissions of ozone-depleting substances (ODS)	There have been no recharges of gases with the potential to destroy the ozone layer since 2015, as these are prohibited under Regulation (EC) No. 1005/2009, on substances that deplete the ozone layer. Moreover, novobanco had been gradually replacing equipment that emit ozone-depleting gases, when such still exist.	3 12	7,8		
305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	SOx and NOx emissions linked to the group's activity result from combustion associated with transportation, emergency generators and boilers. However, due to the reduced expression of these activities within the group's typical activity, these emissions are immaterial and therefore are not accounted for.	3 12 14 15	7,8		

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
TOPIC: SUPPLIERS ENVIRONMENTAL ASSESSMENT					
3-3 Explanation of the material topic and its Boundary	The novobanco Group has over the years promoted several initiatives to ensure a judicious selection of its suppliers, based on the information provided. The group calculates the suppliers' 'sustainability scoring', which takes into account environmental, ethical, labour, hygiene and safety in the workplace aspects of its suppliers. The novobanco Group monitors indicators pertaining to this topic and reports the results in its Sustainability Report and institutional website.				
308-1 New suppliers that were screened using environmental criteria	SR – pages 171-173.	8			
308-2 Negative environmental impacts in the supply chain and actions taken	SR – pages 171-173.	8			
TOPIC: EMPLOYMENT					
3-3 Explanation of the material topic and its Boundary	The Development of Culture and People is one of the strategic pillars of the novobanco Group. Over the years, the Group has promoted several initiatives that allow the development of programs that guarantee human capital management aimed at attracting and retaining talent, using the diversity of its employee base and a culture of inclusion and equal opportunities as levers. growth and value generation strategies, rejuvenating teams and developing the potential of the most experienced employees, using methodologies and programs that aim to enhance individual development and contribute to the balance between professional and personal life, as well as creating a circle of knowledge and sharing. The information regarding employees reported in this report has the same scope as the Report and Accounts, that is, it includes permanent employees, fixed-term contracts and seconded employees. Employees with other employment contracts – interns, temporary workers and service providers totaling 24 (11 men and 13 women) in 2023) represent only 0.56% of the Group's total employees. The novobanco Group monitors indicators pertaining to this topic and reports the results in its Sustainability Report and institutional website.				

Links Labor	M	W	Variation 203/2022
Trainees	5	5	0%
Temporary workers	5	8	-69.0%
Service providers	1	0	-50.0%
Total	11	13	-55.6%

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
401-1 Total number and rate of new employee hires during the reporting period, by age group, gender and region.	SR – page 249.	5 8	6		
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	The novobanco Group informs its employees of any relevant facts pertaining to their career management in accordance with the established notice periods, seeking compliance with clause 27 of the Collective Wage Agreement, which stipulates that workplace transfers are subject to an advance notice of at least 30 days. Trainees and temporary workers do not have access to all the benefits granted to other employees, with the exception of health insurance, special conditions on housing and individual credit and other benefits that are included in the Collective Labor Agreement.	8	6		
401-3 Total number of employees that were entitled to parental leave, by gender and return to work and retention rates of employees that took parental leave, by gender	SR – page 251.	8	6		
TOPIC: LABOUR/MANAGEMENT RELATIONS					
3-3 Explanation of the material topic and its Boundary	The Development of Culture and People is one of the strategic pillars of the novobanco Group. Over the years, the Group has promoted several initiatives that allow the development of programs that guarantee human capital management aimed at attracting and retaining talent, rejuvenating teams and developing the potential of more experienced employees, using methodologies and programs that aim to individual appreciation and the contribution to the balance between professional and personal life, as well as the creation of a circle of knowledge and sharing. The Group monitors indicators associated with this topic and reports them in the Sustainability Report and institutional website.				

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
402-1 Minimum notice periods regarding operational changes and whether the notice period and provisions for consultation and negotiation are specified in collective agreements	The novobanco Group informs its employees of any relevant facts pertaining to their career management in accordance with the established notice periods, seeking compliance with clause 27 of the Collective Wage Agreement, which stipulates that workplace transfers are subject to an advance notice of at least 30 days.	5	3		
TOPIC: OCCUPATIONAL HEALTH AND SAFETY					
3-3 Explanation of the material topic and its Boundary	The physical, mental and social well-being of employees is essential for the Group, and is ensured through a health and well-being policy based on eight lines of action: 1. Physical Well-Being 2. Mental Wellbeing 3. Emotional Well-being 4. Social Welfare 5. Financial Wellbeing 6. Family Wellbeing 7. Intellectual Well-being 8. Professional Wellbeing The novobanco Group monitors indicators associated with this topic and reports them in the Sustainability Report and Sustainability website > Sustainable business > Employees.				
403-1 Percentage of workers whose work, or workplace, is controlled by the organisation, that are represented by formal joint management-worker health and safety committees.	novobanco group has no formal safety committees, however it engages its employees in the definition and implementation of safety practices and the prevention of occupational hazards. The national legislation requires a minimum guarantee of hygiene, health and safety conditions. The group goes beyond the requirements of the law, annually reporting its practices and results in the management of hygiene, health and safety of all its employees.	8			
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by gender	SR – page 253.	8			

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
403-3 Workers with high incidence or high risk of diseases related to their occupation	The novobanco Group is not aware of a high incidence or high risk of work-related diseases amongst its employees. SR - pages 150-152;172.	8			
403-4 Health and safety topics covered in formal agreements with trade unions	novobanco has entered into Company-level Agreements with all the trade unions represented in the institution, which enshrine the obligations of Occupational Medicine and hygiene and safety in the workplace. In addition to the legally mandatory consultations and exams, the Bank has in place other measures. SR – page 253.	8			
403-9 Work accidents	SR – page 253.	8			
403-10 Professional diseases	SR – page 253.	8			
TOPIC: TRAINING AND EDUCATION					
3-3 Explanation of the material topic and its Boundary	The Group has over the years promoted several initiatives and programmes to ensure that human capital management is focused on talent attraction and retention. The novobanco Group monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
404-1 Average hours of training that the organisation's employees have undertaken during the reporting period, by gender and employee category	SR – pages 182-183;251.	4, 5, 8	6		
404-2 Programmes for upgrading employee skills and transitionassistance programmes	SR – pages 182-183;251.	8			
404-3 Percentage of employees receiving regular performance and career development reviews	SR – pages 182-183;250.	5, 8	6		

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
TOPIC: DIVERSITY AND EQUAL OPPORTUNITIES					
3-3 Explanation of the material topic and its Boundary	Novobanco Group has over the years promoted several initiatives within its Responsible Banking programme, which monitors three indicators and aims to develop a fair and gender-equal model, having for the purpose defined specific objectives for 2024. The group monitors indicators pertaining to this topic and annually reports the results in its website and Sustainability Report. SR - 184;254-255.				
405-1 Percentage of individuals within the organisation's governance bodies in each of the following diversity categories: Gender, Age group, Other indicators of diversity where relevant (such as minority or vulnerable groups).	MR – pages 30-31. SR – 248.	5, 8	6		
405-2 Ratio of basic salary and remuneration of women to men for each employee category	SR – page 254. The novobanco Group calculates the ratio based on total rather than base remuneration as the latter is linked to a level defined by the collective labour agreement (ACT).	5, 8, 10	6		
TOPIC: NON-DISCRIMINATION					
3-3 Explanation of the material topic and its Boundary	Novobanco has promoted several initiatives over the years that aim to reduce negative impacts in terms of discrimination through its strategic pillar People and Culture Development, which is integrated into its Social Dividend model. Over the years, novobanco has promoted several initiatives in its Responsible Banking program that aim to monitor and create a fairer and more gender-equal Bank, having, for this purpose, defined concrete objectives until 2024.				
406-1 Total number of incidents of discrimination and corrective actions taken,	In 2023 no incidents or lawsuits came to the attention of the novobanco Group concerning discrimination on grounds of race, colour, gender, religion, public opinion or social background.	5, 8, 10	6		

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
TOPIC: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING					
3-3 Explanation of the material topic and its Boundary	The novobanco group complies with the legislation, rules and regulations in force and develops its activity in full compliance with its Equality and Non-Discrimination Policy and Human Rights Policy, defined based on: • the United Nations Global Compact Principles; • the Universal Declaration of Human Rights; • The Guidelines of the Organization for Economic Cooperation and Development (OECD) for Multinational Enterprises; • the Core Conventions of the International Labour Organization (ILO). novobanco's Human Rights Policy reflects its endorsement of and commitment to the Global Compact Principles. The compliance and audit functions and the mechanisms in place for the anonymous reporting of irregularities minimise the risk of any such occurrences within the Group's operations and in connection to its employees. The novobanco Group monitors indicators pertaining to this topic and reports the results in its Sustainability Report and and Sustainability website				
408-1 **409-1 Operations and suppliers at significant risk for incidents of child labour**	During 2023 no instances came to the attention of novobanco Group concerning operations and suppliers where the risk of child labour or forced or compulsory labour had been identified.	8, 16	5		
TOPIC: SECURITY PRACTICES					
3-3 Explanation of the material topic and its Boundary	Within the scope of the Strategic Pillar "Development of Culture and People", the Group has promoted several initiatives on this topic over the years. The Group operates in full compliance with current legislation, has a Human Rights policy and a Code of Conduct, by which all employees are governed, and on which it carries out periodic training for employees, and conducts its activity in accordance with the principles of ethics, inclusion, trust and transparency. The Group monitors indicators associated with this topic and reports them in the Sustainability Report.				

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
TOPIC: RIGHTS OF INDIGENOUS PEOPLES					
3-3 Explanation of the material topic and its Boundary	The group does not promote initiatives in this regard as its activity is developed in urban or urbanised areas.				
411-1 Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period and remediation action taken	The group's operations are located in urban or urbanised areas, therefore there are no instances of violation of the rights of indigenous people.	2	1		
TOPIC: HUMAN RIGHTS ASSESSMENT					
3-3 Explanation of the material topic and its Boundary	The Development of Culture and People is one of the strategic pillars of the novobanco Group . Over the years, the Group has promoted various initiatives aimed at reducing the negative impact on issues related to Human Rights, more precisely through the #Bancasponsible program which is integrated into its Social Dividend model. One of the standards of excellence of the novobanco Group is the development of a culture of respect for human beings: respect for employees, respect in the way we work with customers, suppliers and other stakeholders, respect in the relationships established with the communities in which the group operates. The Group has a Human Rights policy that can be consulted on its institutional website. The novobanco Group monitors indicators associated with this topic and reports them in the Sustainability Report and Sustainability website.				
412-1 Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Not applicable		1		
412-2 Employee training on human rights policies or procedures	This was one of the topics addressed in the ESG training.		1		
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All novobanco Group's suppliers are covered by its Principles for Suppliers, which require compliance with Human Rights obligations. These criteria are included in the agreements entered into with all suppliers (100%). The certification of suppliers requires answering mandatory response questions concerning human rights policies and practices.		2		

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
	The Bank visits all its material suppliers to check their supply capabilities and their compliance with the requirements of the Principles for Suppliers. In 2023 the group found no instance of non-compliance with these principles by its material Suppliers, namely through its regular visits to their facilities. Should any cases of violation of human rights occur, the group undertakes to investigate them and reserves the right to terminate the agreement with the Supplier in question if it finds evidence of non-compliance with Human Rights obligations.		2		
TOPIC: LOCAL COMMUNITIES					
3-3 Explanation of the material topic and its Boundary	novobanco Group has over the years promoted several initiatives under its Corporate Social Responsibility programme, which aims to contribute devise solutions for important issues within the community in which the Bank operates. This programme is deployed based on three pillars, namely: culture, financial literacy and solidarity. Some of the initiatives under these pillars are an integral part of the Financial and social wellbeing programme, included within novobanco's Social Dividend Model. The novobanco Group monitors indicators pertaining to this topic and reports the results in its Sustainability Report and Sustainability website > Sustainable attitude.				
413-1 Operations with local community engagement, impact assessments, and development programmes	SR – pages 157-162		1		
413-2 Operações com impactes Operations with significant actual and potential negative impacts on local communities	The novobanco Group is not aware of any operations having negative impacts on local communities.	1, 2	1		

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
TOPIC: SUPPLIERS SOCIAL ASSESSMENT					
3-3 Explanation of the material topic and its Boundary	Within the scope of the strategic pillar "Simple and Efficient Operations", the novobanco Group aims to ensure the integration of ESG criteria also upstream in its value chain, increasingly integrating ESG criteria and concerns in the selection and management of the relationship with its suppliers, also acting as a model for the national business fabric. The Group has been promoting several				
414-1 New suppliers that were screened using social criteria	SR – pages 171-173.	5, 16	2		
414-2 Negative social impacts in the supply chain and actions taken	In 2023 novobanco was not aware of any negative impacts at this level.	5, 16	2		
TOPIC: PUBLIC POLICY					
3-3 Explanation of the material topic and its Boundary	The novobanco Group manages its activity in full compliance with the legislation in force. Novobanco monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
415-1 Political contributions	Political contributions by companies are not permitted under Decree Law No. 19/2003, of 20 June, and novobanco Group complies with these provisions.	16	10		
TOPIC: CUSTOMER HEALTH AND SAFETY					
3-3 Explanation of the material topic and its Boundary	Within the scope of the Customer-Centric Bank strategic pillar, as well as the Simple and Efficient Operations pillar, the Group ensures throughout its activity that the highest levels of attention and investment are maintained in the themes underlying customer security, including their safety. physical security, the security of the operations that are carried out, as well as the safeguarding of your personal data and that of other data subjects. The novobanco Group monitors indicators associated with this topic and reports them in the Sustainability Report.				

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
416-1 Assessment of the health and safety impacts of product and service categories	The group's facilities comply with all existing rules for secure and private customer service. The group conducts its relationship with clients in accordance with the new General Data Protection Regulation, guaranteeing privacy and security in the treatment of customer data. Maximum attention is paid to security and customer experience in the development of your remote customer interaction platforms, as well as all your IT systems.More information may be found in Indicator 418-1.				
416-2 Total number of incidents of non-compliance concerning the health and safety impacts of products and services	In 2023, there were no sanctions and/ or fines imposed on novobanco Group in connection to the General Data Protection Regulation (GDPR).	5, 16	2		
TOPIC: LABELLING OF PRODUCTS AND SERVICES					
3-3 Explanation of the material topic and its Boundary	Customer-Centered Banking is one of the Group's strategic pillars. In this context, over the years, it has promoted several initiatives to provide clear and transparent information about its products and services to its customers. The design of products, including their labeling and nomenclature, follows a careful and robust internal approval process with the participation of risk, compliance and legal functions, among others, which is enshrined in internal standards and which takes ethical concerns into account , transparency and customer protection. External communication of products is subject to prior approval by the competent supervisory entity. The Group monitors indicators associated with this topic and reports them in the Sustainability Report and Sustainability website > Sustainable business > Sustainable offer.				
417-1 Requirements for product and service information and labelling and percentage of significant product or service categories covered by and assessed for compliance with such procedures.	The group provides clear information about each product or service offered, including about their characteristics and specific conditions. This information and underlying processes are subject to strict internal controls in terms of the Bank's internal audit and quality control, as well as strict external controls, through the supervision conducted by the Bank of Portugal, the CMVM and the external audits to the Bank's processes.	12, 16			

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
417-2 Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling, by type of result	In 2023 no incidents of non-compliance with voluntary procedures and voluntary codes concerning product and service information or labelling of novobanco Group were identified.	16			
417-3 Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of result	In 2023 no incidents of non-compliance with voluntary procedures and voluntary codes on marketing communications, including advertising, promotion, and sponsorship by novobanco Group, were identified.				
TOPIC: CUSTOMER PRIVACY					
3-3 Explanation of the material topic and its Boundary	Within the scope of the "Customer-Centered Banking" strategic pillar, the Group's priority is to ensure the privacy of all its customers' data. In this context, it develops the necessary and appropriate initiatives to carry out the activity in accordance with best market practices and legal and regulatory requirements. The Bank ensures the confidentiality, integrity and availability of information. The novobanco Group monitors indicators associated with this topic and reports them in the Sustainability Report.				
418-1 Total number of substantiated complaints received concerning breaches of customer privacy	The Group received 2 complaints, originating from the National Data Protection Commission (CNPD) and no direct complaints from customers, there is, however, no additional information about their status.	12			

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
FINANCIAL SUPPLEMENT INDICATORS TOPIC: SOCIOECONOMIC COMPLIANCE					
3-3 Explanation of the material topic and its Boundary	Customer-Centered Banking is one of the Group's strategic pillars. In this context, it has reinforced its customer experience monitoring model with the aim of offering the best experience to its customers. Knowledge of their expectations throughout their life cycle, close monitoring of market trends and a strong commitment to innovation allow us to identify opportunities for improvement, based on a robust customer experience monitoring model based on several pillars of action. It has also reinforced its offer and services based on environmental and social criteria. The Group monitors indicators associated with this topic and reports them in the Sustainability Report and Sustainability website > Sustainable business > Suppliers.				
Management Approach					
Policies with specific environmental and social components applied to business lines.	SR – pages 171-173;199. MR – pages 93-100.	10			
Procedures for assessing and screening environmental and social risks in business lines.	SR – pages 126-137.	10			
Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	The novobanco Group has in place several mechanisms to regulate customer monitoring. In cases which may be considered more sensitive, prevention and monitoring plans are negotiated, and the situations are monitored, resorting, when necessary, to external experts.	16			
Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	The novobanco Group provides adequate training to its employees on the marketing of products with environmental and social concerns.	10			
Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	SR – pages 123-133;139; 144-145;137;156-162;173.	10			

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
FS6 Percentage of the portfolio for business lines by specific region, size (e.g., micro/SME/ large) and by sector	SR – pages 141-151. MR – pages 68-75;200-201.	1, 8, 9			
FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	SR – pages 141-151. MR – pages 68-75;200-201.	1, 8, 9. 10, 11			
FS8 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	SR – pages 141-151. MR – pages 68-75;200-201.				
TOPIC: AUDIT					
FS9 Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	No audits strictly dedicated to the implementation of environmental and social policies are carried out. The group annually assesses the practices implemented and the quantitative data through an external independent verification of its AR and Sustainability Report.	10			
ASPECTO: PROPRIEDADE ATIVA					
FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	SR – pages 145;174;177-196; 200-201.	10			
FS11 Percentage of assets subject to positive and negative environmental or social screening	SR – pages 145;174;177-196; 200-201;208-242.	10			
FS12 Voting policy(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting	novobanco Group's equity holdings in other companies are always aimed at obtaining profitability in the long term. Having said that, the Bank's stance as a shareholder takes into account the relevant principles to ensure consistent ethical, social and environmental management.				

GRI 3: DISCLOSURES ON MATERIAL TOPICS 2023	Page in the Report	SDG	GC Principles	Omissions	Scope
TOPIC: LOCAL COMMUNITIES					
FS13 Access points in low-populated or economically disadvantaged areas by type	Despite the downsizing carried out, the group still has a large network of branches across the country. The group has been investing in the digitisation of its services, which has permitted greater coverage and easier contact with its clients, wherever they may be. SR – pages 123;157.	1, 10			
FS14 Initiatives to improve access to financial services for disadvantaged people	Under its new distribution model, the group has been increasing the number of access ramps and lifting platforms in its branch network. It also provides lowered ATMs with Braille keyboards. his equipment is being installed if and when necessary, as the branch network is refurbished. The aim is to gradually extend these access improvements to all novobanco's branches and services. SR – pages 156-158.	1, 10			
TOPIC: LABELLING OF PRODUCTS AND SERVICES					
FS15 Policies for the fair design and sale of financial products and services	Customer-centric banking is one of the Strategic Pillars of the novobanco Group. In this context, all financial products and services are formulated in compliance with the requirements imposed by legislation, regulatory guidelines and the institution's policies, namely the standard for design, approval, distribution and monitoring of products, already referred to in indicator 417-1 of this table. The novobanco Group regularly reports to its respective regulators evidence that proves respect and agreement with external and internal policies and conduct. The internal and external audit of the group's procedures verifies the compliance of the procedures with the requirements formulated by the Bank of Portugal and the Insurance Institute of Portugal.	10			
FS16 Initiatives to enhance financial literacy by type of beneficiary	SR – pages 156-158.	1,8, 10			

8.3 Independent Limited Assurance Report

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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails)

Independent Limited Assurance Report

To the Board of Directors of
Novo Banco, S.A.

Scope

We have been engaged by Novo Banco, S.A. ("Novo Banco") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, to report on the disclosures identified in the chapter "8.2 GRI Table" of the Sustainability Report, which include the sustainability information included in the Annual Report 2023 (the "Sustainability Information"), for the year ended 31 December 2023.

Criteria applied

Novo Banco prepared the Sustainability Information in accordance with the sustainability reporting standards of the Global Reporting Initiative – GRI Standards and with the provisions of article 508.º-G of the Portuguese Companies Act (*Código das Sociedades Comerciais*) (disclose of non-financial information) (together the "Criteria").

Responsibilities of the Management

Novo Banco's management is responsible for selecting the Criteria, and for preparing the Sustainability Information in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining an appropriate internal control system, maintaining adequate records and making estimates that are relevant to the preparation of the Sustainability Information, such that it is free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to examine the Sustainability Information prepared by Novo Banco and to issue a limited assurance report based on the evidence obtained.

Our engagement was conducted in accordance with the International Standards for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information – ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and other technical standards and recommendations issued by the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*). These standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Sustainability Information is prepared in accordance with the Criteria.

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. In these circumstances, our independent review procedures comprised the following:

- Inquiries to management with the objective to understand the business context and the sustainability reporting process;
- Conducting interviews with personnel responsible for preparing the information in order to understand the processes for collecting, collating, reporting and validating of the Sustainability Information for the reporting period;

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- Conducting analytical review procedures to support the reasonableness of the data;
- Execution, on a sample basis, of tests to the calculations carried out, as well as tests to prove the quantitative and qualitative information included in the report;
- Verification of the conformity of the Sustainability Information with the results of our work and with the Criteria applied.

We consider that the evidence obtained is sufficient and appropriate to provide the basis for our conclusion.

Quality and Independence

We apply the International Standard on Quality Control 1 and, accordingly, maintain a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the *Ordem dos Revisores Oficiais de Contas'* Code of ethics and of the International Code of Ethics for Professional Accountants (including international independence standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentially and professional behavior.

Conclusion

Based on our work and evidence obtained, nothing has come to our attention that cause us to believe that the Sustainability Information, for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the Criteria.

Lisbon, 05 March 2024

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(signed)

Manuel Ladeiro de Carvalho Coelho da Mota - ROC nº 1410
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novobanco