



SUSTAINABILITY POLICY



February 2025

Index

1. Introduction	3
2. Sustainability Governance Model	4
3. Sustainability Commitments and Guiding Principles	6
3.1 Environment.....	6
3.2 Social	8
3.3 Governance	9
3.4 Risk Management.....	9
3.5 Disclosure and Reporting	10
3.6 Applicability to Partners	10
4. Validity and Review Process	11
5. Appendices	12

1. Introduction

This document defines the sustainability positioning of the novobanco Group (hereinafter novobanco), identifying its commitments and guiding principles for its material topics in the environmental, social, and governance (ESG) dimensions.

In this context, novobanco adopts a two-level approach:

- In banking activities, supporting clients on their sustainability journey by financing investments aimed at energy transition, promoting the circular economy, low-carbon production and economic models, as well as those with environmental and social considerations; and;
- In internal management, minimizing ESG risks for people and the planet.

Through this approach, novobanco establishes the important goal of becoming a reference entity in ESG in Portugal.

Sustainability topics are now part of the global agenda. Global warming is an imperative of our times, and at the current pace, climate change will lead to irreparable losses in nature and biodiversity, with rising sea levels and increasingly frequent extreme weather events. This scenario is exacerbated by the additional social and economic pressures and challenges observed.

novobanco is aware of the important role of the financial sector in the current context. This is a decisive moment, requiring a structured approach to address all these environmental and social challenges in the transition to a sustainable and low-carbon economy, while responding to the increasing regulation of the financial sector, including the EU Taxonomy regulation, ECB guidelines, and TCFD (Task Force on Climate-related Financial Disclosures) recommendations, which present opportunities and drivers of change through the adoption of an effective and ambitious strategy.

In this context, novobanco has voluntarily assumed important sustainability/ESG commitments that go beyond its legal obligations and embody its role in society and the impact it aims to have in its relationship with its stakeholders, particularly clients and employees. Anchored in these commitments, novobanco will support its clients, both individuals and companies, in transitioning to a more sustainable and low-carbon economy, generating a positive impact on society and contributing to socially sustainable and inclusive growth.

Novobanco integrates ESG impacts, risks, and opportunities into its strategy and business model, ensuring compliance with current legislation and regulations, including directives arising from the European Climate Pact and commitments made by the European Union under the Paris Agreement. Its strategy and how it integrates ESG impacts, risks, and opportunities can be found in Annex 1 of this document.

The novobanco Sustainability Policy and the commitments and guiding principles outlined in it apply to all novobanco activities, products, and services in Portugal, as well as to all its suppliers and third parties with whom it interacts.

The novobanco Sustainability Policy aims to ensure the pursuit of the following commitments:

- Mapping the main ESG impacts, risks, and opportunities, including climate change and other topics considered relevant after scenario and materiality analyses;
- Integrating sustainability and ESG topics, along with risk factors, into the Group's strategy, including the business model and risk management;
- Implementing a culture and practices that promote the transition to a sustainable economic and social development model, fostering responsible growth, job creation, valuing people, and respecting the environment, including promoting sustainable financing and incorporating the environmental aspect into the product and service offering;

- Ensuring a good governance model and management of material ESG issues at all levels of the business;
- Providing rigorous and transparent activity reports from a sustainability perspective, informing the Group's position to internal and external stakeholders;
- Continuing to adhere to national and international sustainability initiatives;
- Maintaining the existing supplier relationship principles.

Each of the commitments mentioned above is supported and operationalised by guiding principles.

To monitor trends, adopt best practices, and externally communicate its commitment to sustainability, novobanco participates in and integrates international conventions, initiatives, and protocols at the sustainability level, such as:

- **United Nations Global Compact (UNGC):** A United Nations initiative dedicated to sustainability, based on ten fundamental principles in the areas of human rights, labour practices, environmental protection, and anti-corruption, and also responsible for contributing to the achievement of the Sustainable Development Goals (SDGs);
- **BCSD Portugal:** An association that brings together and represents leading companies in Portugal actively committed to the transition to sustainability;
- **Organizations for Equality Forum (iGen):** A forum of companies committed to strengthening and valuing the organizational culture of social responsibility, incorporating the principles of equality between women and men in work and employment into strategy and management models;
- **O Target Gender Equality (TGE Portugal):** Promotes gender balance in business leadership, from boards to executive directions, driving business action towards SDG 5 and, in particular, Target 5, which calls for the full and effective participation of women and equal opportunities for leadership by 2030
- **Inclusive Community Forum (ICF):** An initiative by Nova SBE dedicated to the lives of people with disabilities, aiming to promote a more inclusive community;
- **Commitment Letter for Sustainable Financing in Portugal:** novobanco has signed the document, which aims to promote the incorporation of environmental and sustainability criteria in the financial sector's activities;
- **Business Ambition for 1.5°:** novobanco has signed the global commitment, encouraging companies to set concrete targets for reducing greenhouse gas emissions.

Novobanco is also part of the Portuguese Banking Association, the main entity representing the banking sector in Portugal, where ESG and sustainable financing matters are monitored at the sector level.

The commitments and guiding principles of this policy do not affect the commitment to comply with relevant legislation and legal obligations applicable within novobanco's scope of action.

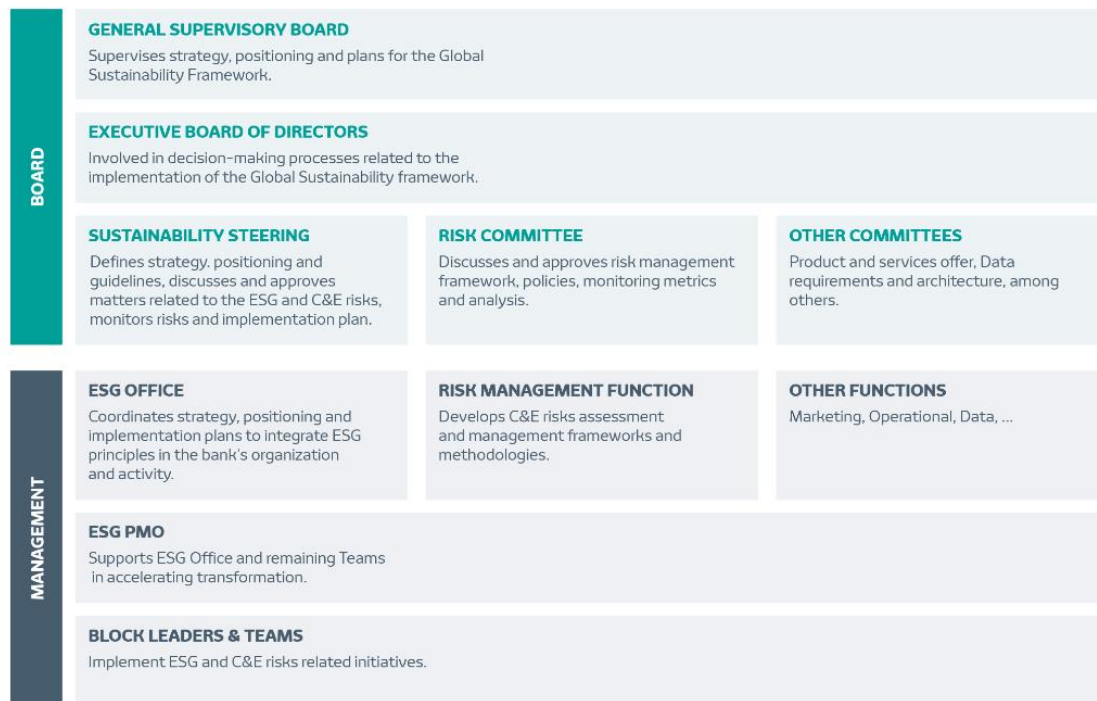
The Sustainability Policy is complemented by other novobanco policies, including the Human Rights Policy, Non-Discrimination and Equal Career Opportunities Policy, and Code of Conduct, which are available on the Bank's website.

2. Sustainability Governance Model

The existence of an effective governance structure is fundamental to ensuring good strategy execution. At novobanco, climate-related issues are managed according to our Sustainability Governance Model, which allows us to identify and review the risks and opportunities of the topic, with clearly defined responsibilities, ensuring an effective response to climate issues.

Under this premise, and to ensure adequate coordination of the topic, climate risk management is directly conducted by the Executive Board of Directors (EBoD), which participates directly in its definition and implementation, and is supervised by the General and Supervisory Board (GSB).

The Sustainability Steering promotes efficient decision-making, and the preparation of management decisions related to sustainability and climate risk management. This Steering includes members of the EBoD and GSB, various novobanco companies, and relevant departments for integrating ESG into the bank's various activities, supported by a specialized team responsible for coordinating novobanco's ESG approach, the ESG Office, and the Global Risk Department.



In addition to the assigned functions and responsibilities, novobanco has invested, and will continue to invest, in sustainability training for its management team and responsible directors through specific programs adapted to novobanco's strategic priorities. At the same time, institutional training has been reinforced, directed at all employees, to increase sustainability literacy.

In this context, it is also important to mention that novobanco integrates material ESG factors into its variable remuneration policy for management bodies, thus promoting the alignment of the company's management objectives with the implementation of the Sustainability Commitments and Guiding Principles, as defined below.

novobanco's governance model is also supported not only by a set of solid policies and principles but also by procedures and processes that ensure ethics and good business conduct, ensuring that strategic decisions are aligned with sustainability objectives and the best interests of all its stakeholders, highlighting the following policies:

- Green Financing/Investment Classification Policy;
- Financing Principles – excluded and conditioned sectors;
- Sustainability Risk Integration Policy;
- Supplier Relationship Principles;
- Irregularities Reporting/Whistleblowing Policy;
- Remuneration Policies for the Management and Supervisory Bodies and Employees;

- Code of Conduct;
- Non-Discrimination and Equal Career Opportunities Policy;
- Human Rights Policy.

All policies are available on the novobanco website:

<https://www.novobanco.pt/sustainability/sustainable-business/our-approach>

<https://www.novobanco.pt/english/about-novobanco/governance/compliance>

With this governance model, regular monitoring of implementation plans and the bank's ESG performance is ensured, as well as actions carried out with transparency and impartiality.

3. Sustainability Commitments and Guiding Principles

Based on:

- A structured approach that considers the increasing regulation of the financial sector, including the EU Taxonomy regulation, the Corporate Sustainability Reporting Directive (CSRD), ECB guidelines, or TCFD (Task Force on Climate-related Financial Disclosures) recommendations, among other sources, which present opportunities for change through an effective and ambitious strategy; and
- The important goal of becoming a reference ESG bank in Portugal, integrating sustainability into its business model;

Novobanco has defined a set of commitments (voluntary and regulatory) and guiding principles that embody the essential ESG topics for it – identified through context and materiality analyses – and support its Sustainability Strategy and the Commitments and Ambition of its Social Dividend model.

The main commitments can be consulted at:

- **Carbon Reduction Commitment** – setting emission reduction targets for its own operations, as well as its financing and investment portfolio, based on science and available for public consultation on the novobanco website;
https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/sustentabilidade/novobanco_carbon_reduction_commitments.pdf.coredownload.inline.pdf
- **Social Dividend**– quarterly publication of ESG performance in relation to established objectives, available for public consultation in Annex 2 of this document and on the novobanco website
<https://www.novobanco.pt/sustainability/sustainable-business/our-commitments>

3.1 Environment

novobanco is committed to environmental protection, contributing to building a greener society in alignment with international commitments, such as the Paris Agreement.

Under this premise, the Group seeks to determine and minimize the negative impact of internal operations, as well as banking and investment activities, on the environment.

3.1.1 Sustainable Operations

novobanco commits to reducing the direct impact of its activities through the adoption of internal environmental management measures, namely:

- Replacing paper use with digital support;
- Monitoring and reducing carbon emissions from its facilities and direct activities;

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- Monitoring sustainable water consumption and other consumables, properly managing the waste produced and its disposal, including electronic waste.

Guiding principles to fulfil and operationalize this commitment:

- Reduce paper use, favouring digital and promoting a "paperless" culture;
- Reduce electricity consumption, continuing to implement energy efficiency measures;
- Consume renewable electricity, namely through the installation of photovoltaic panels in novobanco facilities or through the purchase of renewable electricity;
- Meet the targets set under the Business Ambition for 1.5°C commitment according to methodologies developed by the Science Based Target Initiative (SBTi) for scope 1 and 2 emissions, aiming to reduce CO2 emissions and, in the long term, achieve carbon neutrality in operations;
- Increase the percentage of low-emission vehicles (electric/hybrid) in the Group's fleet and provide employees with access to charging stations;
- Promote low-carbon mobility options among employees;
- Raise employee awareness of environmental issues in areas such as mobility and resource use (paper and others);
- Select suppliers that ensure the development of their business based on sustainability criteria, proven by environmental certifications.

3.1.2 Responsible Investment

Novobanco commits to managing business risks and opportunities with a long-term vision, with a special focus on climate change, supporting its clients in transitioning to a low-carbon and socially sustainable economy.

Guiding principles to fulfil and operationalize this commitment:

- Establish a comprehensive investment policy that includes ESG factors to guide the inclusion of assets in novobanco's portfolio, also identifying, where appropriate, exclusion policies and conditions for financing selected sectors, aiming to reduce exposure to sectors or activities with negative environmental and social impacts;
- Deepen the necessary mechanisms to identify, monitor, and manage relevant ESG risks through the analysis and screening of clients and projects financed according to ESG criteria established in the risk policy;
- Meet emission reduction targets in its financing and investment portfolio (scope 3), defined according to science-based methodologies, particularly those defined under the Business Ambition for 1.5°C commitment of the Science-Based Targets initiative;
- Develop credit and investment products with environmental and social considerations to support corporate and individual clients in the energy transition:

Focus areas for corporate clients:

- Support investment for the energy transition, low-carbon mobility, green buildings and building rehabilitation, and, in general, clients and projects aligned with novobanco's Green Financing/Investment Classification Policy (https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/sustentabilidade/Green%20Financing%20and%20Investment%20Classification%20Policy_novobanco.pdf.coredownload.inline.pdf);
- Provide products to support clients' zero-carbon strategies;

- Establish partnerships with companies specializing in ESG services, as well as with multilateral and development organizations to promote investment aligned with national and European decarbonization goals;
- Promote environmental literacy and support the sustainability journey of corporate and individual clients by providing information on best practices to improve their performance, including establishing partnerships to accelerate climate transition.

Focus areas for individual clients:

- Financing/support products for green buildings and rehabilitation and low carbon mobility;
- Enable and promote investments according to clients' ESG preferences.

3.2 Social

Positive contribution to society

Within its business model, novobanco aims to create value for society, positively impacting it. Social issues receive special attention at novobanco, which seeks to play an active role in the socio-economic development of the business fabric and Portuguese society, with a special focus on its employees and their families, as an integral part of society.

Guiding principles to fulfil and operationalize this commitment:

- Drive the ecosystem of national suppliers;
- Adapt spaces to promote accessibility for all people, including those with reduced mobility;
- Integrate elements of national cultural heritage into the design of new buildings and the commercial network;
- Support the education of employees' children at various educational levels, as well as those requiring special treatments, whether in terms of educational or developmental needs;
- Provide opportunities for the development of technical and professional skills that not only improve performance and productivity but also enhance individual employability levels;
- Promote and monitor workplace conditions;
- Support community development through initiatives to support entrepreneurship, social financial products, and the promotion of financial and digital literacy;
- Preserve, promote, and share with Portuguese society and the communities it serves its significant cultural and artistic heritage, facilitating access and enjoyment of various collections to artistic communities, students, researchers, and the public.

Novobanco also commits to ensuring fair and inclusive working conditions for its employees, particularly concerning their holistic well-being and gender equality.

Guiding principles to fulfil and operationalize this commitment:

- Promote and value diversity within novobanco's employee base as a strategic lever for transformation, innovation, and growth, fostering an inclusive culture that allows employees to fully realize their potential;
- Ensure that leadership and management always include the underrepresented gender, with the goal of achieving gender balance;
- Promote work-life balance for employees, committing to reconciliation and well-being initiatives with a special focus on mitigating psychosocial risks and promoting mental health;
- Provide health, well-being, sustainability, diversity, and inclusion literacy initiatives, providing appropriate information and knowledge for employees to make informed choices in their daily lives;

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- Promote the inclusion of people with disabilities or impairments;
- Promote the continuous development of employees, particularly through reskilling initiatives, especially in the digital area, and through measures to promote internal mobility;
- Promote the development and deepening of leadership and people management skills in management functions that enhance the operationalization of these commitments;
- Maintain consistency with the principles of the Non-Discrimination and Equal Career Opportunities Policy and the Code of Conduct;
- Comply with all applicable labour rules described in national labour legislation (ratified by International Labour Organization Conventions).

3.3 Governance

Sustainable corporate culture:

novobanco is committed to a governance model based on a clear set of rules, procedures, and processes to uphold ethics and business conduct, as well as the commitment to sustainability.

Guiding principles to fulfil and operationalize this commitment:

- Comply with the conduct already established in the Group (including the Code of Conduct, Human Rights Policy, Non-Discrimination and Equal Career Opportunities Policy, etc.), new conduct, and commitments assumed;
- Promote respect and compliance with all applicable laws and regulations;
- Promote the inclusion of ESG factors when evaluating management performance;
- Promote Anti-Money Laundering, cybersecurity, and data protection initiatives;
- Incorporate ESG criteria into the selection models of materially relevant suppliers, namely selecting suppliers that have demonstrated environmental and social management systems in place, with the aim of improving the average sustainability scoring of their suppliers.

novobanco also commits to responding to the expectations and needs of its clients, leveraging digitalization and innovation to provide the best experience, while actively promoting financial and digital inclusion in the communities it serves.

Guiding principles to fulfil and operationalize this commitment:

- Promote financial and digital literacy initiatives among clients and the communities it serves;
- Promote digital communication with clients.

3.4 Risk Management

Managing risk is a central element of financial practice, with banks needing to continuously assess their exposure to risk.

Sustainability and ESG risks and opportunities increasingly represent material impacts on the financial sector, with banks impacting their stakeholders, society, and the environment from an environmental and social perspective.

In this context, risk management is a priority for novobanco, and it commits to incorporating ESG and sustainability risks holistically, integrating them into risk management processes and tools.

Guiding principles to fulfil and operationalize this commitment:

- Implement an ESG risk management policy that defines the Group's approach to managing each ESG risk factor;
- Integrate ESG factors into risk management models;
- Select current and future investments or credits in accordance with an exclusion and conditionality policy for specific sectors;
- Integrate ESG risks into the risk assessment and decision-making process to support alignment with the business strategy;
- Regularly monitor exposure to ESG risks through key risk indicators (KRIs);
- Clearly and transparently define the functions and responsibilities assigned to the supervision, monitoring, and management of ESG risks in the three lines of defence.

3.5 Disclosure and Reporting

Monitoring and reporting sustainability, with a special focus on material ESG topics, is essential for correctly managing and integrating these impacts, risks, and opportunities into the business model.

Under this premise, novobanco assumes the following commitments in the internal and external communication of its ESG performance:

- Report annually on the issues addressed in this Sustainability Policy in its Annual Sustainability Report, as well as report on the material topics of the Group's operations, risks and opportunities, metrics, and sustainability-related targets (including performance);
- Produce the Report in compliance with the regulatory sustainability reporting requirements established, including, among others, the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy Regulation, and aligned with the principles of the United Nations Global Compact (UNGC) subscribed by novobanco;
- Report the targets and progress of greenhouse gas (GHG) emission reductions (scope 1, 2, and 3) on an annual basis;
- Report the contribution of novobanco's activities to the Sustainable Development Goals (SDGs).

Novobanco commits to transparently, comprehensively, and fairly reporting sustainability-related information.

3.6 Applicability to Partners

novobanco has guidelines for the selection of suppliers, which include sustainability aspects and assigns a rating in this regard.

The relationship with suppliers is based on best practices and principles enshrined at the international level through a set of Supplier Relationship Principles aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact. These principles are as follows:

- Impartiality: equal treatment, without privileges or favouritism, always with the aim of avoiding conflicts of interest;
- Transparency and Ethics: ensuring the adequate provision of information;
- Quality and efficiency in the selection of the best suppliers.

In addition to the current guidelines for supplier selection, there is an expectation that all suppliers and third parties will follow and act in accordance with this document. As such, suppliers or third parties, by adhering to the Supplier Relationship Principles, declare:

- To be aware of the novobanco Group's Sustainability Policy and commit to operating in accordance with the principles contained therein, to the extent applicable to their activity.
- Commit to operating in accordance with other policies mentioned in this document (namely, the Human Rights Policy, the Non-Discrimination and Equal Career Opportunities Policy) and inform novobanco in the event of non-compliance (partial or temporary) with these policies;
- Cooperate constructively and proactively in the process of monitoring and verifying compliance with this document.

novobanco will monitor, whenever possible, the compliance of suppliers and third parties with the commitments defined in this document. novobanco may conduct annual compliance surveys to confirm alignment with this Sustainability Policy. However, novobanco expects suppliers to actively audit and monitor their daily management processes concerning this policy and provide evidence to novobanco whenever requested.

4. Validity and Review Process

This policy was approved by the Executive Board of Directors of novobanco and will come into effect on the date of its publication. Its validity period is indefinite.

























The content of this document will be reviewed regularly, and changes or modifications may be made whenever novobanco deems necessary and appropriate.

This document was last reviewed in February 2025.









If there are inconsistencies, doubts, or general issues regarding compliance with this Sustainability Policy identified by any department, employee, or third party, or any questions or suggestions about its application, they should be communicated by email to: sustentabilidade@novobanco.pt.

5. Appendices

Appendix 1 – Sustainability Strategy and Priority Sustainable Development Goals (SDGs)

STRATEGIC PILLARS			
CUSTOMER-CENTRIC BANK	SIMPLE AND EFFICIENT OPERATIONS	DEVELOPMENT OF PEOPLE AND CULTURE	DEVELOPING SUSTAINABLE PERFORMANCE
Support our clients transition and maximize positive impact on society and environment	Improve efficiency, enable own transition, ensure systems readiness for ESG	Strengthen capabilities, inclusiveness, diversity and the engagement of our people	Build a robust ESG governance & risk management framework
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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
     	     	     	     

Appendix 2 – Social Dividend Model 2024 – 2026

Customer-centric Bank	Simple and efficient operations	Developing people and culture	Developing sustainable performance
Green production¹ Target 2026 2.000 M€ ¹ 	Own emissions² Target 2030 -54% vs 2021 	Equal pay³ Target 2026 Maximum 5% 	Financed emissions reduction⁴ Target 2030 100% targets realized by sector 
ESG investment products⁵ Target 2026 60% of invest. products 	Renewables share⁶ Target 2026 100% 	Employee engagement⁷ Target 2026 At least 75% 	Women in management⁸ Target 2026 At least 40% 

1. Loans and investments considered under novobanco green financing policy with a 650 MEUR target for 2024; 2. Scope 1 and 2 Greenhouse Gas (GHG) emissions; 3. Equal pay gap calculated per function; 4. Achieving GHG emissions intensity targets in bank's loan and investment's portfolio for Power generation; Cement and CRE (Commercial Real Estate) sectors – value to be calculated by EoY 2024; 5. % of investment products (investment funds, financial insurances, structured notes or deposits) with ESG characteristics/ concerns – Art.8 and 9; 6. Net renewable energy share consumed (in locations where service is available); 7. Assessment of the level of employee engagement carried through the Pulse survey (average % of employee engagement level); 8. Previously Senior Leadership; 9. Calculated with annualized 2024 1stH data as compared to 2021.