



Sustainability Report

20
19

**NOVO
BANCO**

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1 Who We Are

1.1 Chief Executive Officer Statement

Dear Stakeholders,

The exercise that is now ending was decisive for NOVO BANCO. And it was a decisive exercise because it marks a special milestone in its restructuring and viability path as agreed in the commitments between the Portuguese State and the European Union.

The fact that NOVO BANCO attained the goals established about two and half years, demonstrates not only the rightfulness of the defined strategy and the demanding governance that was implemented but also the undeniable quality of its people and the loyalty of its clients.

The Bank's capacity to quadruple its commercial banking product, to have reduced its cost / income by more than a third and to have kept its relative importance in the market untouched despite the reduction of more than 200 branches and 10% of employees.

All this was ensured through the "repairment" of its balance sheet, expressed in the reduction of 70% of the Legacy in just two years, in 2019 alone this reduction was over 3 308 billion euros. Equally important was the growth of our credit activity by more than 5%, demonstrating our importance as a funding partner of the Portuguese economy, which moreover allowed us to obtain a Recurring net income of 177 million euros.

The results obtained, both in the "repair of the balance sheet" and in the Recurring activity, were only possible thanks to the demanding and determined support that the Executive Board of Directors has always had from the General and Supervisory Board, as well as from the respective specialized Commissions.

A special word for all the Bank's employees who have been tireless in these years of complex restructuring and whose resistance is unquestionable. And a special mention to the shareholders for the precious support that they have given us, not forgetting the Monitoring Committee for its permanent presence in the decisions under its responsibility.

A word to our customers as well, who have always been the Bank's raison d'être and who will never cease to be its reason to exist. We always try to respond sustainably adapting our offer of products and services to the demands and needs of our customers.

In 2019, in the World in which sustainability assumes a prominent role, several initiatives and strategies has been defined to be implemented by NOVO BANCO, at the strategic and operational level, in aspects such as Sustainable Financing, climate change, Sustainable Development Goals, Equal Gender and conciliation of personal and professional life, among others.

One last word to the society in which the Bank is inserted and has provided so much support. When I write these brief words we are facing one of the most decisive challenges that, as a society, we will have to overcome. I am sure that NOVO BANCO with its experience and resilience will be able to positively contribute to the future of our country.

António Ramalho

Chief Executive Officer

1.2 NOVO BANCO

With 5 years of existence, NOVO BANCO develops its activity in Commercial Banking, supporting Individuals and Companies in Portugal.

In Portugal, NOVO BANCO presents the following data:

Domestic Commercial Banking	
Retail Banking	356 Branches
Corporate Banking	20 Corporate Centres
53 Branches in low population density municipalities ¹	
1,3 million clients	
566 thousand active digital clients	
€33.325 million Total Client Funds	€25.150 million Total Gross Client Loans
4 326 Employees	83% Suppliers with positive sustainability score
52,5% Women	47,5% Men

The success of the strategy followed by NOVO BANCO is clearly shown in the results obtained in 2019.

Given the specificities of its context, Grupo NOVO BANCO reports the “Recurrent” activity, which consists of sustainable, profitable core banking activity, separately from the “Legacy” activity, allowing stakeholders a better understanding of the Bank’s restructuring process.

+177,6 M€²
Recurring Net Income

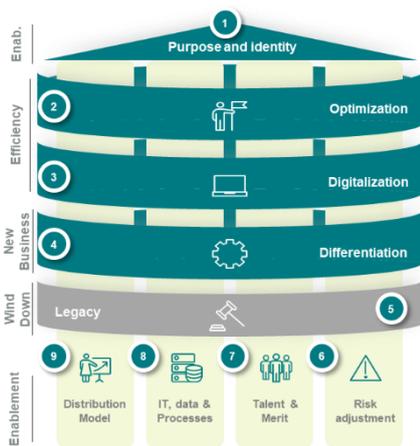
57,9%²
Reduction of Legacy activity assets

The commitments imposed by DG COMP were met which, in parallel with a strong investment in IT and Digital capabilities, will allow NOVO BANCO to transition from a turnaround bank to a growing, transformational and predominantly digital bank, continuing to be a reference institution in the Portuguese financial sector, with a strong presence both in corporate and retail banking, standing out for the quality of the service it provides.

NOVO BANCO is transitioning to a growth strategy, as the execution of its legacy plan reaches its tail-end. The 2019-2021 strategic plan develops around four pillars: Risk Adjustment, Talent & Merit, IT, Data & Processes and the Distribution model. These four strategic pillars are implemented within a framework of operational circles: optimization, digitalization, differentiation. In 2020, NOVO BANCO strategic framework evolved in two

¹ See methodology notes

² NOVO BANCO Group



main aspects: strengthening the focus on rebuilding the Bank's Purpose and Identity and Executing the tail-end of the Legacy Plan.

In the 2020-2022 cycle, the Bank will strengthen its core capabilities to compete at par with its peers and sustain a healthy position in the Portuguese banking sector and to have a positive impact in the ecosystem it operates in.

For more information, see 2019 Annual Report.

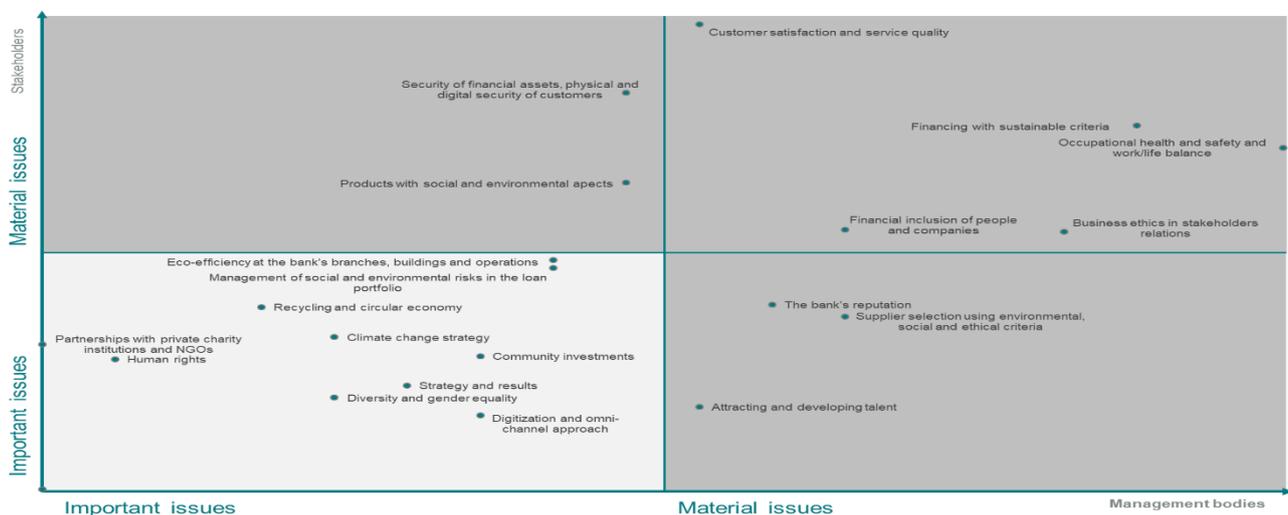
1.3 Sustainability approach

NOVO BANCO steers its activity on the basis of sustainability principles and with the firm resolve to give a positive contribution to the entire ecosystem within which it operates. To manage its business in a fair and responsible manner, the Bank has been implementing a culture that involves permanent monitoring of its impact on the surrounding community, training and raising the awareness of its employees, business partners and clients and adherence to the principles and policies that govern its activity.

In 2019, several studies and trend analyses were carried out to validate the materiality of the issues to be considered in the definition of NOVO BANCO's sustainability strategy.

To build the first Materiality Matrix, a questionnaire was sent to around **9 thousand** internal and external stakeholders: employees, clients, suppliers, regulators, private social solidarity institutions, non-governmental organisations, business associations, and also to other entities such as unions, banks and the media, among others. With a global response rate of 25%, a positive rate considering the theme under analysis, the results of the consultation made it possible to identify important and material issues at economic, environmental, social and governance level.

Materiality matrix



This matrix, together with the recently implemented strategic plan, the commitments assumed, and the 2030 Sustainable Development Goals, for which we are currently being selected, will become the basis of NOVO BANCO's sustainability strategy.

In 2019, particular attention was given to strengthening the bidirectional relationship with the various stakeholders. In addition to the existing communication channels, NOVO BANCO also sought to listen to its main stakeholders on topics such as brand, sustainability, employee satisfaction and engagement, among others. This dialogue, which should become increasingly clear, consistent and permanent, will make for a strong and structured approach to each stakeholder group.



65 638 Followers in Facebook and 39 643 in LinkedIn

39.6% of the internal stakeholders replied to the materiality matrix questionnaire

Stakeholders	Channels
Employees	<ul style="list-style-type: none"> • Request for in-person feedback via questionnaires and meetings • Intranet (NBweb and Human Resources Portal) • 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 convention and other meetings • Workers Committee, Union Secretariat and Information and Consultation Procedure
Clients	<ul style="list-style-type: none"> • Request for by phone, online and in person; • Formal system for filing complaints; • Branch Network, Corporate Centres and Regional Divisions; • Social networks (NOVO BANCO Cultura, Planeta NOVO BANCO and LinkedIn) • Events, such as NOVO BANCO Summit
Regulators	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Contacts established through a specific website (Grupo NOVO BANCO Supplier Portal), coordinating the exchange of information via e-mail, telephone and in person.
Media	<ul style="list-style-type: none"> • Information provided in-person, by phone and online; • Press conferences • Quarterly results presentation • NOVO BANCO Summits
Community	<ul style="list-style-type: none"> • 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 (NOVO BANCO Cultura, Planeta NOVO BANCO and LinkedIn)

NOVO BANCO strives to be recognised as a bank that manages its business in a fair and responsible manner, according to the expectations of its clients, employees, investors and other stakeholders.

1.4 Main Awards and Partnerships

	Best Bank in Portugal	Distinguished by Global Finance magazine as best national bank in <i>Best Trade Finance Provider</i> , <i>Best Sub-Custodian Bank</i> and <i>Best Integrated Corporate Banking Site</i> categories.
	Digital Account Opening	Distinguished in the 2019 Portugal Digital Awards (4th edition), in the <i>Best Digital Product & Customer Experience</i> category. Distinguished by Exame Informática magazine in <i>The best in Technological Portugal</i> category.
	Nbcultura.pt digital platform	Silver award in the <i>Websites of Art</i> category of the 2019 Communicator Awards (25th edition). Distinguished in the <i>Art for Websites</i> category of the W³ 2019 Awards . Gold award in the Davey Awards 2019 's <i>Websites of Arts</i> category.
	Human Capital Management	HR 2019 Awards (14th Edition) in the “Wealth and Well-being by MÉDIS” and “Best Trainees Academy” categories, promoted by the Human Resources Information Institute.
	NOVO BANCO Culture	“Institution” award in the APOM 2019 Awards for the project of sharing with society its cultural and arts heritage.
	NBnetwork	“Best Integrated Corporate Banking Site” in the 20th edition of Global Finance Magazine's ‘World’s Best Digital Banks’ awards.
	NOVO BANCO Short Term Finance	Distinguished in the “Best Digital Operational Process” category in the 4th edition of the Portugal Digital Awards.

For other awards, see 2019 Annual Report and institutional website.

<p>Signatory</p>		<p>Corporate citizenship initiative which had its origin, back 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.</p>
<p>Members</p>	 	<p>Non-profit association that brings together and represents more than 90 leading companies in Portugal, which are actively committed to the transition to sustainability.</p> <p>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.</p>
<p>Associate</p>	 	<p>Main entity representing the Portuguese banking industry, it was created in 1984 to strengthen the financial system and contribute to the development of a more solid banking sector.</p> <p>Portuguese Association of Investment and 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.</p> <p>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.</p> <p>National Customer Satisfaction Index is a system for measuring the quality of goods and services available in the national market, through customer satisfaction surveys.</p>
<p>Subscriber</p>	 	<p>Document recently 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.</p> <p>Letter Commitment to Sustainable Finance in Portugal, which aims to contribute to the promotion of sustainable investment practices.</p>

1.5 Main Events

JAN	FEB	MAR	APR
<p>14 NB Energias Limpas launch of a new structured deposit - NB Energias Limpas, with remuneration indexed to the performance of the shares of 3 companies that produces and distributes products and services in the clean energy sector.</p> <p>29 NOVO BANCO CULTURA Cultural assets sharing programme celebrates 1st year. 26 protocols were signed in 2019 to lend 53 works of art to museums in 16 regions of the country.</p> <p>30 NOVO BANCO CULTURA loan of two 19th century portulan charts by cartographer José Fernandes Portugal to the Carlos Machado Museum, and two works by José Júlio de Souza Pinto to the Angra de Heroísmo Museum.</p>	<p>18 NOVO BANCO CULTURA loan of the “Torre de Babel” painting to the Faro Museum.</p> <p>20 NOVO BANCO ALGARVE SUMMIT Under a partnership with SIC Notícias TV channel and the Expresso newspaper, this is an innovative and unique project that highlights entrepreneurs, businesses and other relevant entities, in Regional Summits of the region.</p>	<p>25 DIGITAL MOBILE KEY Offers individual clients a new online account opening process.</p>	<p>1 NOVO BANCO CULTURA loan of two Josefa de Óbidos paintings to the Beja Regional Museum.</p> <p>2 NB ECO MENOS PLÁSTICO launch of new Structured Deposit - NB ECO Less Plastic, a structured product with environmental concerns.</p> <p>11 NOVO BANCO HACKATHON FEST 24h marathon to create, develop, plan and design innovative solutions in response to technological challenges, in partnership with Nova SBE University, in Carcavelos.</p> <p>15 INSTITUTIONAL CAMPAIGN launch of first “My NOVO BANCO” institutional campaign on TV featuring real testimonies of clients and partners.</p>
MAY	JUN	JUL	AUG
<p>7 NOVO BANCO CULTURA loan of two Eduardo Viana paintings to Palácio de Belém.</p> <p>22 NOVO BANCO launch of the 1st Sustainability Report on video in the financial sector in Portugal.</p> <p>31 NOVO BANCO NEW TRADE FINANCE PLATFORM improved customer service through Finastra technology based innovative platform.</p>	<p>3 NB ECONOMIA CIRCULAR launch of new structured deposit - NB ECO Circular Economy, indexed to the performance of the shares of 3 companies that stand out for their ability to apply the concept of Circular Economy.</p> <p>28 NOVO BANCO INTEGRATED PAYMENT PLATFORM improved customer experience through Fiserve technology based innovative platform.</p>	<p>3 NOVO BANCO BEIRA INTERIOR SUMMIT Under a partnership with SIC Notícias TV channel and the Expresso newspaper, this is an innovative and unique project that highlights entrepreneurs, businesses and other relevant entities, in Regional Summits of the region.</p> <p>8 SUSTAINABLE FINANCE signature of the “Letter of Commitment for Sustainable Finance in Portugal”, which aims to contribute to the promotion of sustainable investment practices in Portugal, with the purpose of accelerating the process of transition to a carbon neutral economy by 2050.</p>	<p>1 NOVO BANCO REVELAÇÃO announcement of winner and runners-up of 2019 edition.</p>

MAY	JUN	JUL	AUG
		<p>16 NOVO BANCO TEXTILE SUMMIT Under a partnership with Expresso newspaper, this is an innovative and unique project that highlights entrepreneurs, businesses and other relevant textile industry entities.</p> <p>24 RESIDENTIAL MORTGAGE LOANS offer featuring new solutions, designed having in mind the needs of young people up to 35 years old and people over 50 years old, taking into account the current real estate market context.</p>	
SEP	OCT	NOV	DEC
<p>1 TALENT ATTRACTS TALENT beginning of the internships of 47 newly graduated young people, working for 1 year in different functions, for the first time in the commercial network. The Trainee Programme covers the entire country.</p> <p>10 NOVO BANCO CULTURA loan to the Vila Franca de Xira Neorealism Museum of two paintings by reference 20th century painters, Júlio Pomar and Mário Dionísio.</p>	<p>4 NB MELHOR AMBIENTE launch of new structured deposit - NB ECO Better Environment, indexed to the performance of the shares of 3 companies that undertook the commitment to implement strategies to fight climate change.</p> <p>4-5 STRATEGIC REFLEXION under the motto "For NOVO BANCO to NOVO BANCO", the meeting brought together all the top management to reflect on the strategic challenges for the coming years.</p>	<p>6 GENDER EQUALITY participation of NOVO BANCO's CEO in the round table 'Goal 5 – Gender Equality & Goal 10 – Reduced Inequalities', an initiative of the Global Compact Network.</p> <p>6 CLIMATE CHANGE signature of United Nations Global Compact <i>Business Ambition for 1.5°C</i> letter of commitment.</p> <p>17 NOVO BANCO COIMBRA/AVEIRO SUMMIT Under a partnership with SIC Notícias TV channel and the Expresso newspaper, this is an innovative and unique project that highlights entrepreneurs, businesses and other relevant entities, in Regional Summits of the region.</p> <p>18 NOVO BANCO CULTURA loan to the Aveiro Museum of 'Santa Joana', a Dutch painting of the 17th century</p> <p>25 RESIDENTIAL MORTGAGE LOANS launch of mortgage loans with a spread bonus for the acquisition of property with A+, A and B energy certification.</p>	<p>20 BUSINESS Campaign that gives voice to 10 customers who speak about their business, from different regions and industry sectors.</p>

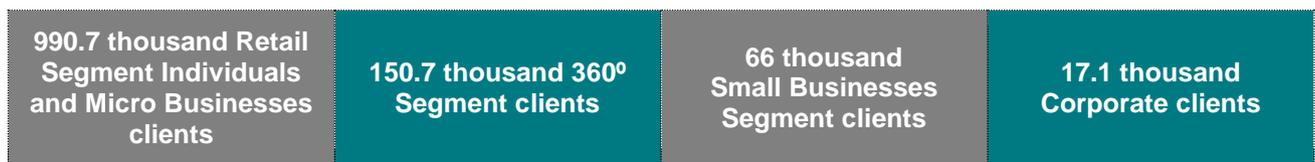
See 2019 Annual Report for other events.

2 Our clients

“Our clients are at the core of all our activity. Therefore, we know that listening carefully to what they have to say is essential for us to learn about their needs and expectations and to provide products and services that meet them, delivering an **agile and simultaneously efficient experience**. The offer of a clear, simple and secure banking service, based on the highest standards of **integrity** and **trust** will undoubtedly highlight our difference and drive the clients’ choice for the Bank”.

Jorge Cardoso and Vítor Fernandes
Executive Board of Directors
NOVO BANCO

Because each client is different, NOVO BANCO 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.



2.1 Listening to the clients

In order to offer the best experience to its clients, the Bank seeks to gather as much information as possible about what they want, when, where and how. Knowing the clients’ expectations throughout their life cycle permits to identify opportunities for improvement, using a robust model for monitoring the customer experience based on several action pillars.

Customer Experience Monitoring Model



Service quality	Monitoring the clients' experience of the service provided in all the commercial structures of the Bank, through a questionnaire designed to measure their satisfaction with the various dimensions of service, as well as other global indicators.
Moments of Truth	Continuous monitoring of the clients' experience immediately after the main moments of their relationship with the Bank, in order to identify improvements that will allow us to meet their expectations and needs.
Digital channels	Customer satisfaction survey targeting the different aspects of the digital channels (available features, ease of use, security, visual attractiveness) and comparison with the competition.
Mystery Client	Development of a customised Mystery Client programme with the main goal of assessing compliance with the quality principles defined by the Bank, and identifying any service weaknesses as well as training needs.
Quality Indicator	Development of a Quality indicator for the commercial areas that reflects the quality of service and other elements that impact the customer experience.
Ad hoc surveys	Carrying out specific surveys on a case-by-case basis and using different methodologies, depending on the critical themes of the moment.
External Surveys	Monitoring of external benchmark market surveys such as the ECSI (National Customer Satisfaction Index), developed by APQ and NOVA IMS, and BASEF Banca, developed by Marktest.

The information obtained through this monitoring model is shared both with the Bank's commercial structures and with the central areas, enabling a set of actions to be taken that aim to improve the experience of this group of stakeholders with the Bank in its various dimensions.

In 2019, in order to correct the reasons for dissatisfaction, Restart program was launched. This programme allows the commercial network to assess the reasons for dissatisfaction, ensuring that they are mitigating, whenever possible.

The management of complaints also has a significant impact on the clients' relationship with the bank, providing an opportunity to win back unsatisfied clients. For each complaint received, the underlying causes are analysed, the ensuing losses are quantified and corrective and preventive measures are implemented to avoid the recurrence of failures.

In 2019, the rate of complaints per 1,000 active clients was 0.3, which compares with 0.4 in 2018.

- NB net
- NB Direto 707 24 7 365
- NOVO BANCO Branches
- Corporate Centres

- E-mail satisfacao@novobanco.pt
- Online form
- Letter

Clients may lodge complaints through several channels, and an effort is made to solve problems at the first contact with the client. The establishment of frank and continuous contact with the clients requires fast and efficient replies to their comments or complaints, which help to develop a relationship of confidence.

The Bank maintains its ambition to be recommended as a reliable, straightforward, and fast-response bank, with easy physical and digital access, viewing the strengthening of customer confidence and the development of a sustainable business.

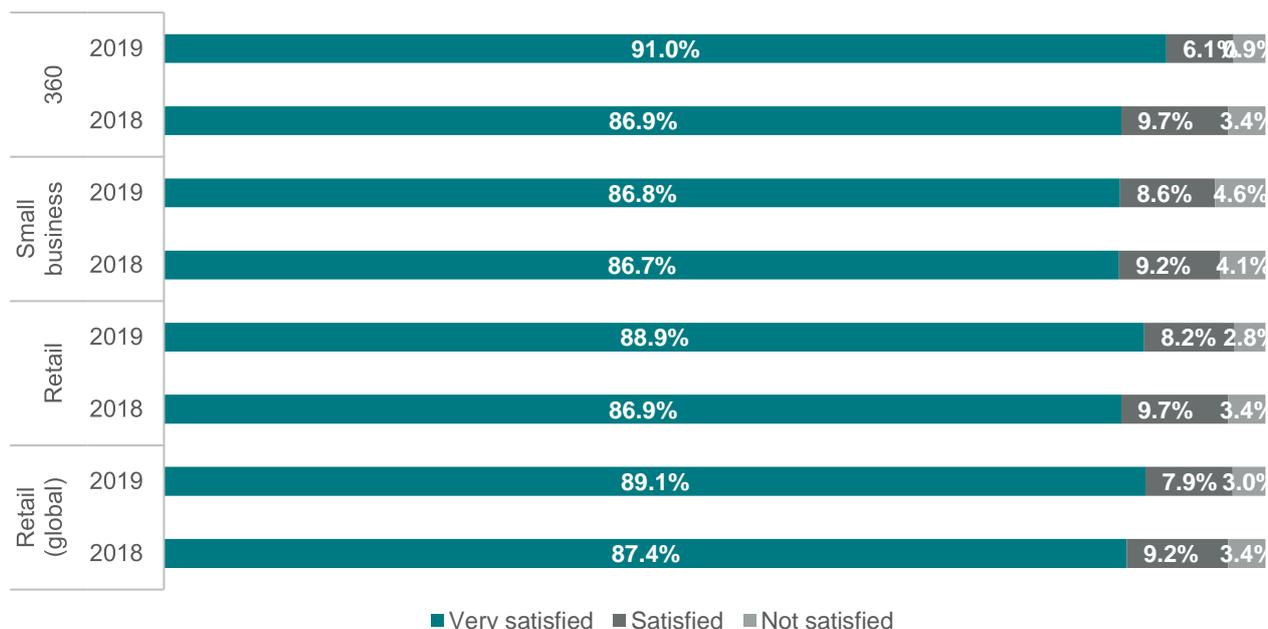
2.2 Retail Banking

The Bank seeks to learn about the needs of its clients at every step of their lives, listening carefully to what they have to say through the various channels available, so as to keep developing and implementing the best value propositions and deliver the most adequate offering of products and services to its Retail clients.

In 2019, 89.1% of retail customers are very satisfied with the service provided.

In 2019, more than **55 thousand** responses to the satisfaction questionnaires were collected, covering the three segments - Retail, 360° and Small Businesses.

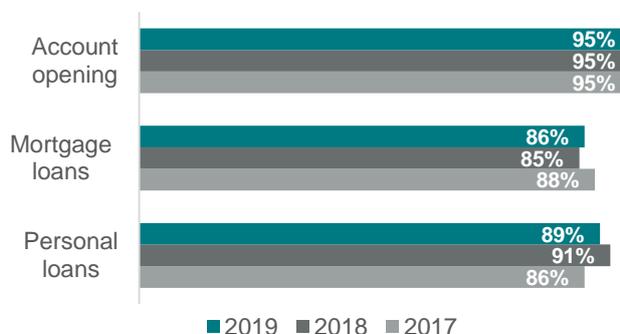
Service quality - Retail



The confidence index³ maintained a positive trend in 2019, reaching **78%**, which compares with 76% in 2018. Global satisfaction (very satisfied clients) stands at **70%**, up from 67% in 2018. In 2018, the Bank defined the baseline of the Net Promoter Score (index that measures the intention to recommend the Bank). In the first year of monitoring, the score increased from 18 to **27**.

In 2019, a survey was conducted to sound the opinion of around **24 thousand** clients concerning their experience in the **main moments of truth** in their relationship with the Bank, and in particular with regard to: personal loans, mortgage loans and account opening.

Moments of truth - very satisfied clients



More than **1 thousand** Mystery Client visits

were made, covering all the Retail business structures. In order to ensure that the information is representative of the clients' experience, approximately 40% of the visits are made by real clients, covering different scenarios.

The Bank is committed to providing an excellent service, this improvement extending to all the segments and being recognised by the clients. Monitoring was crucial for the design of new products and services to be developed to address the customers' needs. The Bank maintained a prominent position in the main product lines, having responded with differentiation, service quality and permanent enhancement of functionalities, not only to the accelerated transformation of preferences and service requirements, but also to a highly competitive environment and the emerging new players (Fintechs) in the banking sector.

Special attention was given in 2019 to saving products, with the launch of innovative saving and investment products, such as investment funds adjusted to the risk appetite of each client and the NB ECO structured deposits.

In residential mortgage loans, to address the clients' needs in the different stages of their lives, namely those of people under 35 or over 50, specific solutions were designed, and a proximity service to credit intermediaries was set up, which have allowed NOVO BANCO to maintain its competitive position, amidst an environment of increasing competition.

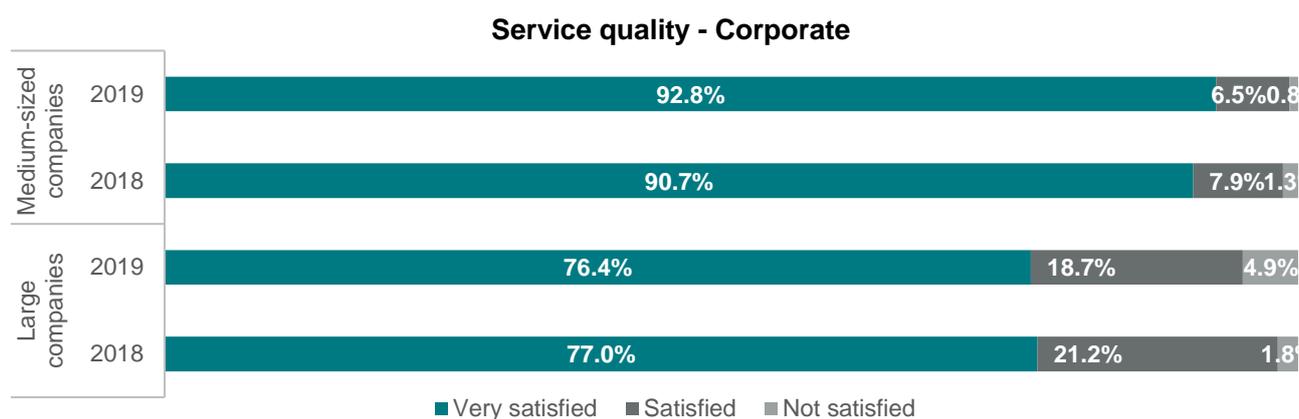
In the Small Businesses segment, NOVO BANCO leveraged its deep knowledge of the characteristics of businesses and regions, and its proximity to the clients, to finetune the offer of products and services and reinforce it with specific solutions for businesses at different stages of their life cycle.

³ See methodology notes

2.3 Corporate Banking

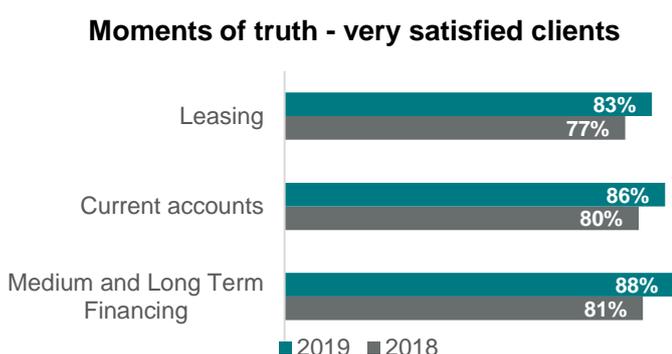
Creating a value proposition for the Corporate segment that is innovative, competitive and profitable, and bolsters NOVO BANCO's role as the reference bank for companies in Portugal, remains a key priority, and the customers' voice gives a crucial contribution to attaining this goal.

In 2019, Corporate Banking obtained approximately **2.5 thousand** replies to customer service satisfaction surveys. The results show that **92.8%** of the medium-sized corporate clients and **76.4%** of the Large corporate clients are very satisfied with the Bank's service, which proves that the Bank's activity matches the needs and expectations of its clients.



The medium-sized companies registered a positive evolution in terms of their confidence in the Bank, with the respective confidence index reaching **77%**, up from 75% in 2018. Global satisfaction also continued to improve, with the percentage of very satisfied clients standing at **69%** in 2019, which compares with 66% in 2018. The Net Promoter Score is currently **22**, which compares with the baseline of 14 established in 2018.

Also in the Medium-sized Companies segment, the Bank evaluates customers experience upon taking out loans. The resulting data is shared not only with the commercial areas, but also with the marketing areas, and are used to support the introduction of innovations and the launch of new products and services.



In the Large Companies segment, clients answer a very detailed annual questionnaire that aims to assess the various items that count towards their choice of NOVO BANCO as their Bank.

In 2019, the confidence index of these clients was **64%**, which compares with 62% in 2018. As to global satisfaction, **45%** of the clients are very satisfied with the Bank, and **76%** are very satisfied with the service provided by their Account Manager.

In order to keep meeting its corporate clients' expectations, in 2019 the Bank continued to pay close attention to the services and products which they require to develop their business. To this end, a digital transformation process was initiated, and an initiative was created to optimise the internal global process of Short Term Credit to SMEs, aiming to qualify Relationship Managers with immediate decision powers to deals with the treasury needs of their corporate clients. This initiative that also seeks to optimise decision-support information and the grass-roots redesign of the short-term credit proposition, providing a new experience in the treasury management of SMEs. At the end of 2019 this vision was awarded an honourable mention in the 4th Edition of the Portugal Digital Awards.

Customers recognise the worth of the value proposition, which is at the same time innovative, competitive, profitable, and of very high quality. However, there is still room for improvement, and therefore the Corporate clients' new requirements will continue to be the source of the Bank's innovation.

We are the “best trade finance bank” in Portugal according to the Global Finance international magazine.

Trade Finance is another business area where the Bank stands out, providing a wide range of products and specialised advice designed to support international trade. In 2019, NOVO BANCO was once again elected the best Bank in the area of Trade Finance, in Portugal, by the Global Finance international magazine, with regard to its activity in 2018, and in 2020, for the second consecutive time, it obtained the same award for its activity in 2019.

2.4 New technological experiences

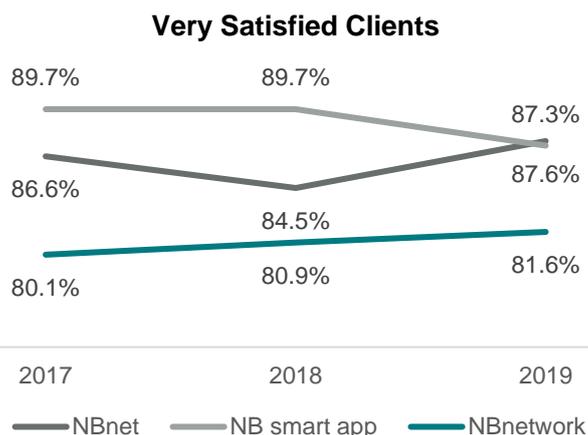
NOVO BANCO has an ongoing digital transformation among its highest priorities. This process aims the simplification of processes, the transition to a more efficient business model, service intelligence and also a clear differentiation in the clients' experience in their relationship with NOVO BANCO, which is delivered through an omnichannel approach.

It involved the creation in 2018 of NOVO BANCO Digital, a group-wide area that acts as an accelerator and facilitator of transformation to allow meeting the new and demanding expectations of our clients: banking anywhere, available 24 hours a day, 7 days a week, faster, more intuitive, more personalised, smarter and with more options to choose from.

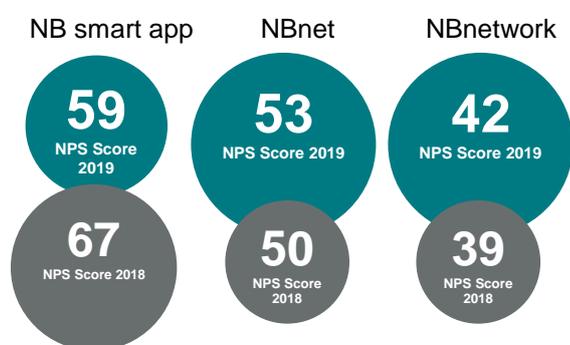
We have a strong ambition - to reach the highest level of service quality in digital commercial banking, providing solutions aligned with the best global standards of usability and satisfaction.

The digital offer is available for the different customer segments, in Retail and Corporate: NB smart app; NBnet homebanking service, NB app tablet, NBnetwork.

In order to assess the impact of technological innovations on the customer experience, in 2019 approximately **4.5 thousand** people were surveyed to assess the global satisfaction with the Bank's channels - NB Smart App, NB Net, NBnetwork, the use of their functionalities, comparison with the competition, and new opportunities for improvement. In terms of customer satisfaction, the channel with the best score is NBnet, followed by the NB smart app and NBnetwork.



As regards the intention to recommend, the NB smart app was the channel with the highest Net Promoter Score.



The evolution has been remarkable, especially in the use of the mobile app, which is the leading application in Portuguese Banking, both on Google Play and in Apple Store. Nbnetwork, the digital channel for companies, was once again elected “Best Integrated Corporate Banking Site” by the Global Finance Magazine.

The Digital Transformation Programme, entrusted to a team of around 200 employees distributed by 14 agile teams, started its journey with the finetuning of the experience provided to clients in the retail and corporate segments, which involved the launch of several initiatives:

- **Digital mobile key** – NOVO BANCO was the first Bank to offer account opening through a digital mobile key, a more convenient, fast and secure process that does not require going to a branch. This new service was distinguished with an honourable mention in the Internet category ‘The best of Technological Portugal’, awarded every year by *Exame Informática* to people and organisations that stand out in the field of Science and Technology. This initiative also deserved an honourable mention in the “Best Digital Product & Customer Experience” category of the 4th edition of the Portugal Digital Awards, organised under a partnership between *Jornal de Negócios*, IDC and Axians.

- Home purchase** – A new digital mortgage loan tool that allows individual clients to simulate, check their eligibility, and obtain an immediate response, subject to validation of the information provided, and submit the mortgage loan file in a convenient and remote manner. This tool improves the experience of those who wish to contract a mortgage loan by simplifying the process, which is paperless and involves no visits to the Bank up to commercial approval, and provides the following:

With the mortgage loan smart simulator we have taken another step forward at the forefront of the digital world.

 - “Smart Simulator”;
 - Loan pre-analysis document;
 - Upload of supporting documents to the home loan process;
 - Online monitoring of the application.
- NB smart app** – this channel has evolved to enable access to new functionalities that make life easier for our clients, at no additional cost:

 - transfers to phone contacts with no need of BIN or IBAN;
 - mobile phone cash withdrawal;
 - App payments;
 - Multibanco available;
 - Matrix Card replaced by biometric data.

With NB smart app, you can definitely leave your wallet at home.

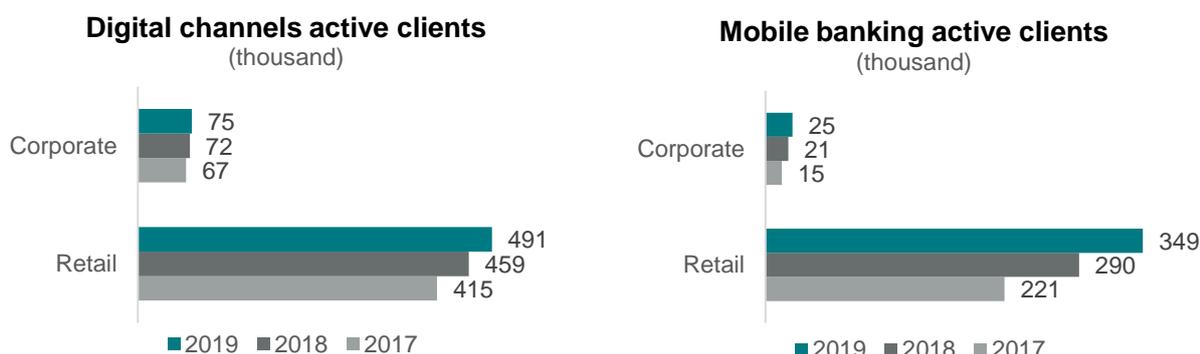
- NBnet** – online personal loan application for NOVO BANCO clients, with simulation and approval, for amounts of up to €15,000 and 72-months maturity.
- NBnetwork** – launch of CRM on the channel, taking full advantage of the digital channels for commercial purposes, always and increasingly based on the rationale of improving our clients’ experience, and developing more targeted and personalised offers; bank guarantee request now available online, promoting customer autonomy for frequent transactions.
- Short Term Finance** – launch on a pilot basis of a new approach to treasury support for corporate clients, which will transform their experience and provide an immediate response to their treasury needs. This solution is accessed through our corporate bankers, who define a pre-established credit limit based on the profile of the client, which can be used within one year through the credit products the client finds more convenient. This initiative deserved an honourable mention in the ‘Best Digital Operational Process’ category of the 4th edition of the Portugal Digital Awards, organised under a partnership between *Jornal de Negócios*, IDC and Axians.
- Data Science** – artificial intelligence and advanced analytical models were applied to the propensity models, improving and further customising the existing relationship with the clients, by supporting them and anticipating the detection of individual clients needs and products that best satisfy them.

In order to play an active role in innovation, the Bank jointly promoted with NOVA SBE – School of Business & Economics the NOVO BANCO HACKATHON FEST. The event, with the duration of 24 intensive hours, was a marathon of ideas and new solutions in the financial area. With the "Hello Future" signature, its aim was to involve undergraduate and master students in the development of innovative technological solutions for banking problems and challenges. The first edition had the participation of 37 students from 3 Universities: Nova SBE, IADE, and FCT, and also 12 employees of NOVO BANCO. The participants, organised into 10 teams, were given the challenge of proposing the creation of a Fintech B2B startup which, in partnership with NOVO BANCO, will help support Portuguese companies to overcome their growth challenges, along three key drivers:

- development of new products and a new approach to the market based on support data existing in the banking universe;
- internationalisation; and
- digitisation.

The interaction between participants and mentors generated a positive and creative energy, resulting in 10 ideas that were assessed by a panel of judges, two of which received prizes.

The year 2019 closed with **566 thousand** active clients in the digital channels and more than **374 thousand** active mobile clients. The goal for 2020 is therefore to continue to grow and to innovate.



The result of the ongoing digital transformation is already clearly visible: for the first time, in 2019 the majority of the interactions between NOVO BANCO and its individual clients was made through the Bank's *mobile* channels, reaching **42%** of the total and surpassing the points of contact made through ATMs.

Mobile clients' interaction has seen exponential growth over the last five years. In 2015, only 7% of NOVO BANCO's clients used this channel, this number growing to 13% in 2016, 23% in 2017 and more than one third in 2018.

2.5 Customer protection

The protection of customers can only be properly safeguarded if NOVO BANCO's activity is adequately protected. Therefore, and in accordance with the best market practices and legal and regulatory requirements, the Bank ensures the confidentiality, integrity and availability of information.

Customer protection is present in all the Bank's activities, including the safety of the client, the security of the transactions carried out, and the protection of the personal data of clients and remaining account holders. To ensure privacy and the correct treatment of personal data, the Bank has developed a set of procedures and internal rules, as well as a Privacy Policy, and its website provides detailed information on the treatment of personal data.

We provide our employees with approximately 5,500 hours of training in data protection security and cyber security in financial institutions.

To prevent, detect and react to the new cyber threats arising from digitisation, leading to increased attention and stronger technical control.

The Bank invests in the strengthening of its software and continuously warns its clients about the latest fraud attempts, issuing security advice for safe Internet browsing and safeguarding the security of transactions and personal data, in the various channels:

E-mail box	Direct channels	PC	Smartphone	Tablet
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In 2019, the Bank received only one complaint, originating from the National Data Protection Commission (CNPD), regarding the privacy of its clients, maintaining the corresponding ratio for every 1000 active clients at 0.0.

NOVO BANCO seeks to satisfy the needs of its clients, allowing them to fulfil their dreams, build up and strengthen their business, always aiming for a long-term relationship, based on trust, the security of their assets and the privacy of their data.

3 Our employees

Our employees

“When we run a business we have to have faith in something for the business to actually succeed. I have faith in NOVO BANCO's most exceptional asset, **its employees**. With them we have trodden a long and winding path, but we know that success is born out of resolve, determination and persistence in reaching a common goal. We are on the path of transformation of NOVO BANCO and we know we will achieve it”

Luís Ribeiro
Executive Board of Directors
NOVO BANCO

NOVO BANCO has 4 326 employees in Portugal, distributed throughout the country.

4 326 Employees			
47.5% Men	52.5% Women	67.6% employees with higher education	71.5% employees 30 – 50 years old
95.5% Permanent staff	47.9% Technical functions ⁴	8.7% Managerial position ⁵	12.6% Management functions ⁶
2.6% Absenteeism rate ⁷	4.7% Staff turnover ⁸	94.5% of the employees are unionised	97.4% covered by Collective Wage Agreement

3.1 Listening to the employees

NOVO BANCO seeks to follow in its decision-making process the best practices of fair process, which is based not only on a focus on results, but on a fair process, which includes the involvement of employees in order to achieve these results. NOVO BANCO endeavours to be aware of the needs and difficulties experienced by employees throughout their life cycle and to meet their expectations, so as to contribute to their full development, allow them to fully unlock their potential and maintain their motivation.

One of the main tools used to analyse the organisational climate at NOVO BANCO and to work engagement was the NB Experience questionnaire, carried out based on SIROTA methodology and the support of an independent consultant. This questionnaire, carried out at the end of 2019, had a participation rate of 74%.

⁴ Represent employees with technical functions

⁵ Represent management bodies of Departments of the Bank

⁶ Represent leading bodies of the Bank

⁷ Excluding parental leave (see methodology notes)

⁸ Calculated only with leaves (see methodology notes)

In addition to this questionnaire, NOVO BANCO also sounds out the opinion of its employees through the Internal Customer Satisfaction Survey, the Psychosocial Risks Questionnaire and, in 2019, also through the materiality matrix.

The results of the various programmes and initiatives currently in force show that it is not always possible to live up to expectations. In 2020 NOVO BANCO will focus on the topics to which the employees afford greater importance.

The activities developed under the Talent and Merit Plan, designed for 2019-2020, and structured in 3 employee journeys, were the result of this consultation. The main achievements in 2019 were the response to six challenges:

- Attracting and retaining talent;
- Valuing employee development;
- Promoting gender equality, equal opportunities and respect for diversity;
- Promoting the conciliation of professional, personal and family life;
- Addressing Social Work needs - internal social responsibility;
- Looking after health, well-being and safety at work.

3.2 Attracting and retaining talent

Within the scope of the **Talent and Merit** pillar, one of the **four structural pillars** of NOVO BANCO's strategy, three employee journeys were developed in 2019, aimed at ensuring a deep evolution in human capital management:

I - Look & Join, whose objective is to rejuvenate the teams by attracting and retaining young talent using intervention models adapted to this age bracket;

II - Live & Grow, with initiatives targeting the individual valorisation of employees and contributing to the conciliation of professional and personal life – NB Work & Life Programme;

III - Transition & Depart, to create a circle of knowledge and sharing for former employees (eg NB retirees).

From the various initiatives developed in 2019 we note the three internship programmes aimed at attracting young talent at the beginning of their professional careers, seeking not only to address the Banks' staff recruitment and rejuvenation needs, but also to give young professionals career opportunities and the possibility to establish themselves in regions where labour supply is scarcer.

NB Trainees Programme

- 12-month professional internships
- For recent graduates / masters
- Functions in several departments, including, for the first time, the commercial network

Tech Academy

- 6-Month training structured as a postgraduate course that integrates the curriculum plan of the Instituto Superior Técnico
- For young people graduated in the fields of Engineering and Mathematics
- Retraining young people in Information Technologies so they can be integrated into NOVO BANCO

NBup

- 1st contact of young people with working life during the summer months
- At national level:
 - for young people with qualifications in Economics, Management, Mathematics, Law, Engineering or Communication
 - 1-month duration
 - Integration in several areas of the Bank
- At international level:
 - for final-year students in Nursing, Nutrition, International Relations and Political and Economic Sciences and Social and Human Sciences
 - 3-month duration
 - integration in humanitarian missions under a partnership with AMI Foundation

In 2019, NOVO BANCO's trainee programme was awarded the prize for "Best Trainee Academy" in the 14th edition of the HR Awards promoted by IIRH – *Instituto de Informação em Recursos Humanos*. The HR 2019 Awards bring together the national human resources community to celebrate excellence in the exercise of the profession, recognise individual and collective talent and reward results obtained through the implementation of good practices in people management.

3.3 Valorising employee development



By continually reinforcing the knowledge of its employees, NOVO BANCO promotes their retention, also contributing to the recognition of the diverse talent possessed by its staff and guaranteeing it has the decisive skills required to attain the challenging objectives it proposes to achieve.

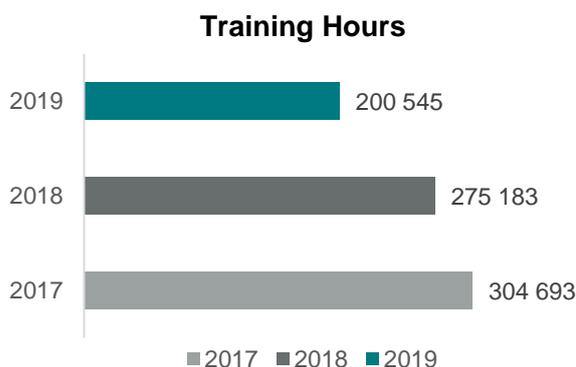
Aware of the current environment of deep changes and huge challenges, the Bank seeks innovative solutions that enhance the contribution of its employees, continuing to invest consistently in the design and implementation of distinctive and motivating training, enabling the improvement of performance, and the development and evolution of NOVO BANCO's employees.

To ensure that employees had access to adequate training, approximately €750 thousand were invested in training, averaging **46.4** hours per employee, with a special focus on:

- legal and mandatory training, namely on the Markets and Financial Instruments Directive (MiFID II) and the Mortgage Credit Directive;
- continuous professional training, notably in English (more than 500 employees were involved, through 5 different experiences: face-to-face sessions, blended learning, conversation classes, telephone classes and individual classes);
- strategic training designed to develop technical and behavioural skills in the commercial area, through the “Amplify Programme”;
- sundry initiatives, in the form of Lectures, that involved around one thousand employees from different areas and functions.

We reached the end of 2019 with more than 200 thousand hours of training, with an average of 46.4 hours per employee.

Because learning should not be theoretical only, NOVO BANCO also promotes on-the-job training in its 20 School Branches distributed throughout the country, in inland areas and also in urban centres and in the Madeira autonomous region. Based on the concept of learning by doing, this is a pioneering project in Portuguese banking, which over the years has broadened its scope of action and is now responsible for:



- the initial training framework for new employees;
- the reinforcement of skills of current employees;
- the development of appropriate skills to support functional mobility;
- the monitoring of current employees returned from extended leaves;
- support in the implementation of strategic projects.

Reflecting all the Bank's beliefs in terms of employee development, the goal is to launch in 2020 an integrated and more appealing structure of contents, which will provide new training initiatives, improve the structure and presentation of learning contents and enhance an organisational climate where individual and collective development is treated as a priority.

The NOVO BANCO Performance Management Model, based on the ongoing management of employee performance and development, was implemented in 2018. The Performance Management Process is integrated in the Employee Portal, called “My Portal”, and is available to all employees. It includes a personal development programme where each employee can define his or her objectives in terms of continuing improvement in the performance of their functions. Performance Assessment is carried out annually and is based on two aspects (i) Fulfilment of objectives (ii) Observed skills and behaviours (general, specific and technical). It is an important tool in the alignment between the organisational strategy and the performance of each employee/team, supporting a constructive and continuous dialogue between each Employee and his or her line manager. In 2019, as part of its employee development programme, the Bank made 232 promotions on merit, 103 promotions due to change of job, and 87 promotions on the basis of seniority, making a total of 422 promotions.

The Employee Remuneration Policy, published in 2019, defines 3 types of variable remuneration, subject to specific requirements, addressing different groups of employees.

<p>Performance Bonus</p> <ul style="list-style-type: none"> • attributed based on minimum criteria of merit and individual and collective performance in each year, exclusively when certain conditions are met.
<p>Commercial Incentives</p> <ul style="list-style-type: none"> • attributed as quarterly payments intended to reward the best commercial performances; monitoring of abusive sale practices and other qualitative indicators is ensured.
<p>Commercial Campaigns</p> <ul style="list-style-type: none"> • Award of bonuses (in cash or in kind) with no defined frequency or previously defined format. Campaigns and bonuses are considered and assessed in accordance with the internal rules that apply to the creation, approval, distribution and monitoring of products. Their aim is to dynamise a specific Product / Family of Products or a specific segment of the Bank's commercial offer for a limited period of time, within the limits and conditions permitted by law for cash and non-cash incentives.

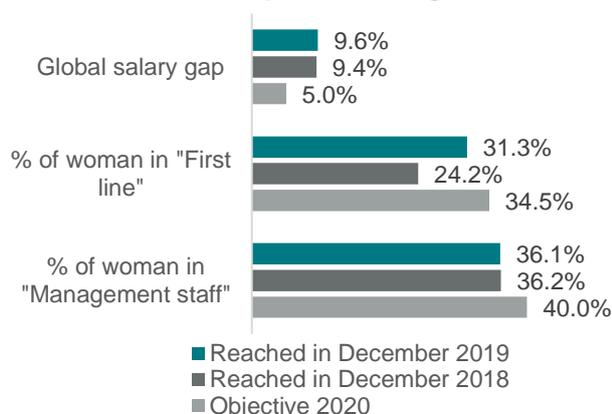
More details may be found in the Remuneration Policy for Employees, in the Bank's institutional website.

3.4 Promoting gender equality, equal opportunities and respect for diversity



Gender diversity and equality are an integral part of human capital management as well as of NOVO BANCO's Social Dividend model, an innovative model of commitment to reward society and the Bank's employees (see page 49). Consisting of 4 programmes, one of which is NB Equal Gender, the model monitors three indicators, permitting to assess performance in this area. The aim is for the bank to become fairer, namely in terms of gender equality, and to this end specific objectives have been set for 2020.

NB Equal Gender goals



In 2019, 36.1% of management positions are held by women; in 2020 the goal is to reach 40%

Gender parity is a reality at NOVO BANCO, with women representing **52.5%** of the workforce. However, the need to reinforce the gender balance in top management remains.

NOVO BANCO seeks to remunerate its employees fairly and equally. However, the remuneration gender gap is 9.6%, which, although much lower than the national average (22%⁹), is still well below the 5% target set for 2020.

In 2019, the representation of the female gender increased in management and technical functions.

Employee gender distribution by professional categories, at NOVO BANCO	Change	2019	2018	2017
Total	▼ -1.3%	4 326	4 382	4 721
Men	▼ -2.6%	2 054	2 108	2 301
		(47.5%)	(48.1%)	(48.7%)
Women	▼ -0.1%	2 272	2 274	2 420
		(52.5%)	(51.9%)	(51.3%)
Management	▼ -13.8%	375	435	416
		(8.7%)	(9.9%)	(8.81%)
Men	▼ -11.9%	245	278	279
		(65.3%)	(63.9%)	(67.1%)
Women	▼ -17.2%	130	157	137
		(34.7%)	(36.1%)	(32.9%)
Leading bodies	▲ 23.8%	546	441	542
		(12.6%)	(10.1%)	(11.38%)
Men	▲ 20.3%	314	261	324
		(57.5%)	(59.2%)	(59.8%)
Women	▲ 28.9%	232	180	218
		(42.5%)	(40.8%)	(40.2%)
Specific	▲ 9.6%	2 070	1 889	2 005
		(47.9%)	(43.1%)	(42.5%)
Men	▲ 4.9%	925	882	927
		(44.7%)	(46.7%)	(46.2%)
Women	▲ 13.7%	1 145	1 007	1 078
		(55.3%)	(53.3%)	(53.8%)
Administrative	▼ -17.3%	1 322	1 598	1 728
		(30.6%)	(36.5%)	(36.60%)
Men	▼ -16.8%	559	672	752
		(42.3%)	(42.1%)	(43.5%)
Women	▼ -17.6%	763	926	976
		(57.7%)	(57.9%)	(56.5%)
Auxiliary	▼ -31.6%	13	19	30
		(0.3%)	(0.4%)	(0.6%)
Men	▼ -26.7%	11	15	19
		(84.6%)	(78.9%)	(63.3%)
Women	▼ -50.0%	2	4	11
		(15.4%)	(21.1%)	(36.7%)

NOVO BANCO was present, with an address by its CEO, António Ramalho, at the round table [Goal 5 – Gender Equality & Goal 10 – Reduced Inequalities](#), at the “Making Global Goals Local Business | IBERIA” event, an initiative of Global Compact Network Portugal, under a partnership with the United Nations Global Compact Headquarters and Global Compact Network Spain. The purpose of this event was to publicise the important

⁹ Source: World Labour Organisation

work done by the Portuguese organisations subscribing to the UNGC, among which NOVO BANCO, towards implementation of Agenda 2030 related to Sustainable Development Goals (SDG's) 5 and 10.

NOVO BANCO's positioning does not target gender equality only, but also equal opportunities, diversity, respect for freedom of association, Human Rights and repudiation of forced and child labour and discrimination. NOVO BANCO 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);

The Equality and Non-Discrimination Policy and the Human Rights Policy are available for consultation at the Bank's website.

3.5 Promoting the conciliation of professional, personal and family life

NOVO BANCO pays special attention to the balance between the professional, personal and family life of its employees, which is why the NB Work & Life programme, a set of initiatives that promote conciliation and flexibility at work, was integrated into the Social Dividend Model.

Under this programme, the employees may enjoy the following benefits:

Purchase of holidays

- Possibility to purchase up to 5 additional holiday days per year

Leave on special days

- Employee's birthday
- Afternoon of the birthday of the children and/or dependent stepchildren until the age of 18
- First day of classes for the 1st and 5th school year of children and/or dependent stepchildren

Early Friday or Late Monday

- Half-day leave (Friday afternoon or Monday morning), compensated by additional work during the week

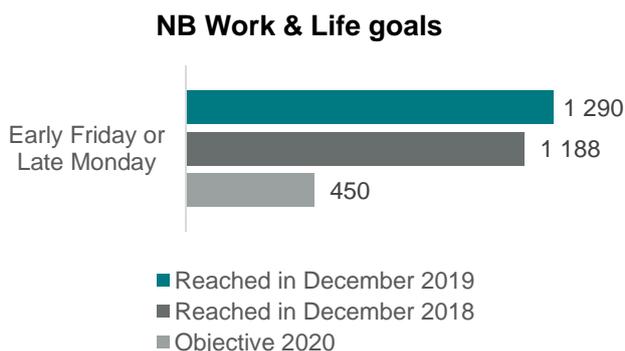
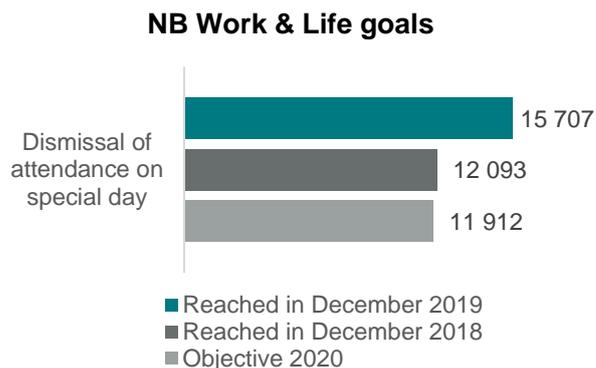
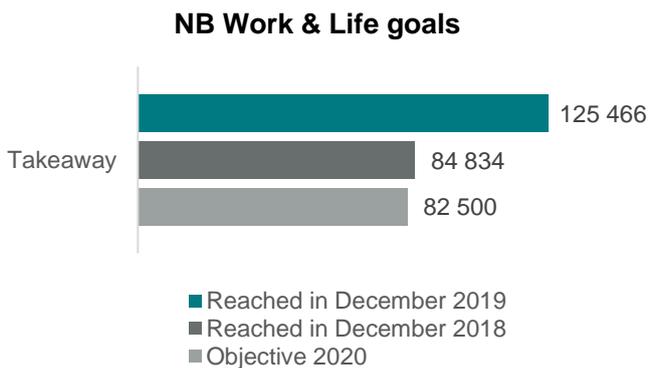
Home Office

- Remote work, to increase work place and working hours flexibility

TakeAway

- The employees can buy and take home low-cost and nutritionally balanced meals

The results obtained in each of these initiatives are promising and show their importance for the employees, thus warranting their implementation and permitting to look forward with confidence in the achievement of the defined objectives.



Though much valued by the employees, their adherence to the NB Home Office initiative was lower than expected. In 2019 the number of employees working in Office 365, which permits remote access to their work posts, was increased. With the necessary conditions now in place, it will be possible to further promote engagement in this initiative in 2020, when more employees are expected to adhere to it.

Believing that the conciliation of professional, personal and family life greatly contributes to gender equality and to an inclusive and balanced business, NOVO BANCO supports its employees' parenting experience. Thus, in 2019, the NB Home Office programme offered support and guidance during this new and exciting period, allowing employees to keep in touch with their team and businesses from home, and to strike a balance between professional life and the exercise of parenting, when returning to active life. The NB Home Office programme is already a reality.

53.4% of the employees greatly appreciate and 15.1% appreciate the NB Home Office initiative.

Source: 2019 materiality matrix questionnaire

3.6 Addressing social work needs - internal social responsibility

NOVO BANCO has a strong concern for the social well-being of its employees. Therefore, it offers a set of benefits that go beyond monetary retribution and aim to strengthen employees' relationship with NOVO BANCO, personal satisfaction and savings. These benefits, attributed within the scope of the internal social responsibility programme, take the form of:

- Education support for children of active employees;
- Support to retired employees;

- Christmas presents for employees' children and dependent stepchildren;
- Special conditions in NOVO BANCO's commercial offer.

In addition to the support provided for under the Collective Wage Agreement for the Banking Sector in terms of child and study allowances, NOVO BANCO provides a series of social allowances for the education of children or dependent stepchildren of active employees. In 2019, a total of **718** allowances were granted, corresponding to an investment of circa **€786 thousand**. In 2019, 81.6% of eligible employees who applied for this support saw their application accepted.

78.7% and 77.2% of the employees highly value the early childhood allowances and the study grants to employees' children, respectively.

Source: 2019 materiality matrix questionnaire

Employee Benefits	Change	2019	2018	2017
Education support				
Early childhood benefits	▲ 11.3%	435	391	401
	▲ 5.1%	€532 000	€506 000	€506 000
School grants	▲ 1.0%	210	208	206
	▼ -0.4%	€164 100	€164 800	€164 800
Support to children and youths with special needs	▼ -6.4%	73	78	91
	▶ 0%	€90 000	€90 000	€90 000
Support to retired employees				
Expenses with senior residences, day-care centres, home support, medicines and other basic necessities.	▶ 0	66	66	52
	▶ 0	€126 900	€126 900	€126 900

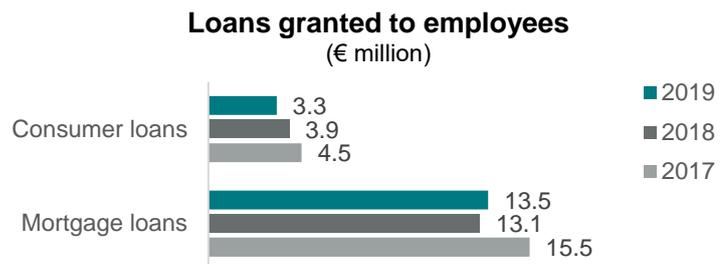
In 2019, following the Government's decision to introduce free textbooks, NOVO BANCO replaced the school allowance until then granted to employees' children by the extension up to the age of 17 of their Christmas present. This present, in the amount of €40, is credited into a 'Solução NB Junior' or 'Solução NB Jovem' account held by the employees' children or dependent stepchildren. Until now, only children up to 12 years old were entitled to a Christmas present.

In 2019 the Bank gave 3 731 Christmas presents.

The Bank also provides support for basic necessities to its retired employees, namely expenses with senior residences, day care centres, home support, among others.

NOVO BANCO has four canteens where its active and retired employees may have lunch. These canteens serve low-cost nutritionally balanced meals, with 3 to 4 options to choose from each day, each coming with the respective nutrient information sheet (nutrition traffic light). In addition to providing free meals, the aim is also to encourage each employee to make responsible choices in terms of healthy eating. Awareness-raising initiatives sometimes also take place in the canteen areas. In 2019, for instance, reusable water bottles were distributed, not only to alert to the need of good hydration but also to combat the use of single-use plastic.

The employees also benefit from special conditions in mortgage and consumer loans. In 2019, new loans to employees totalled **€16.8** million, from a total loan portfolio of circa **€283.7** million.



3.7 Looking after health, well-being and safety at work

In 2019 NOVO BANCO earned the prize 'Wealth and Well-being by MÉDIS' in the 14th edition of the HR Awards promoted by IIRH – *Instituto de Informação em Recursos Humanos*.

The physical, psychological and social well-being of its employees is essential for the Bank, which to this end has in place a health and well-being policy based on five lines of action:

- 1. Communicate and raise awareness:** enhancing continuous and relevant communication about the Bank's path and strategy, as well as providing contents in various formats about health and well-being, encouraging employees to make conscious and healthy choices;
- 2. Diagnose and prevent:** risk situations early, so as to act preventively;
- 3. Dynamise and promote:** moments of focus on certain topics to increase employee involvement and accelerate positive results;
- 4. Offer and provide:** benefits aligned with best practices in healthy habits that contribute positively to the holistic well-being of employees;
- 5. Reconciling and flexibilising:** practices for a balance between professional, personal and family life.

In order to improve the employee experience, and promote employees' holistic well-being through a greater balance between professional, personal and family life, and to mitigate health risks, in 2019 NOVO BANCO launched the 'My B side' programme.



Based on the analysis of employee feedback obtained through the last questionnaires launched, namely NB Experience, Internal Customer Survey, and Psychosocial Risks Questionnaire, the 'My B side' programme seeks to address some of the issues that were identified. The programme aims to afford employees experiences - such as workshops, lunch talks, *ateliers*, conferences, among others -, covering the eight dimensions of their life - health, physical exercise, food, emotional management, family and home, personal image, interpersonal relationships, culture and leisure - that form the wheel of well-being.

As part of the management of its business, NOVO BANCO also undertakes to strengthen a culture of safety and health in the workplace so as to minimise the risks of accidents and illnesses of its employees. All employees have access to free health services, provided in three clinical centres: in Lisbon, Porto and Oeiras.

In 2019, 2,731 occupational medical exams, 8 984 nursing procedures and 10 296 medical procedures were performed in our three clinical services

For occupational health, which is regulated by Law 102/2009, NOVO BANCO's clinical centres offer a set of preventive and curative services in privileged conditions.

Health Services	Change	2019	2018	2017
Occupational Health - Occupational Medicine				
Medical Exams	▼ -2.7%	2 731	2 808	2 947
General Practice Consultations				
Curative Medicine consultations and prescriptions	▼ -45.7%	10 296	18 966	19 822
Consultations of other medical specialties				
Psychology Consultations and Psychiatric Consultations	▲ 1.7%	1 061	1 043	1 088
Nutrition Consultations	▲ 13.2%	945	820	886
Nursing				
Total procedures (treatments, vaccination, medication, ECG)	▲ 21.8%	8 984	7 373	7 109
Risk Prevention and Control Programmes				
Cardiovascular screening	▼ -0.2%	2 314	2 319	2 154
Cancer screening	▼ -1.6%	727	739	889
Vision screening	▼ -3.5%	2 601	2 696	2 789
Executive Check-up (senior executives)	▲ 7.0%	306	286	157

In 2019 the absenteeism rate was 2.6%, which compares with 2.3% in 2018.

As regards safety and security at work, NOVO BANCO assesses the risks related to conditions in the workplace and the functions performed. Safety audits, ergonomic assessments of workstations, thermal conditions and lighting levels, as well as hazard identification and risk assessment audits (IPAR) are carried out on a regular basis.

In 2019 we performed 109 safety audits to the facilities, 104 IPAR, 26 assessments of thermal conditions, and 26 assessments of light conditions.

Training and information sessions for employees on the risks inherent to work and the need to comply with hygiene and safety standards are also organized.

4 Our Sustainable Business

Our Sustainable Business

“Developing our business in a responsible and sustainable way is a premise that accompanies us daily. The condition to do this seriously is to ensure the ongoing assessment of the direct and indirect impact of our activity on the planet and on the communities around us. It is our intention to improve results on the basis of environmental and social criteria that are inherent to our activity and necessarily aligned with our objectives and means to achieve them.”

José Eduardo Bettencourt and Rui Fontes
Executive Board of Directors
NOVO BANCO

Sustainability is present in the manner in which NOVO BANCO manages its activity. The incorporation of environmental and social criteria in business expansion viewing the progressive transition to a low carbon economy, recognising the duty to support the community in which it operates, is an objective which the Bank proposes to achieve.

12 structured ESG products marketed in 2019	4 051 clients with ESG structured products
€88.5 million accumulated in subscriptions of ESG structured products	
127 259 carbon neutral NB 18.31 accounts	3 261 tonnes reduction in CO₂ emissions from energy production Less 16% electricity consumption
4 292 Suppliers	496 Suppliers with sustainability scoring

4.1 Listening to the stakeholders

Adjusting products and services to customer needs, new market trends and regulatory requirements has been the basis for the redefinition of NOVO BANCO's offer, which is increasingly more attuned to environmental, social and ethical concerns. The results obtained through the materiality matrix questionnaire and other channels at the disposal of the various stakeholders permitted to assess the concerns considered as material concerning the manner in which the Bank carries out its activity, including its value chain.

4.2 Sustainable products and services

The Bank is aware that the manner in which it carries out its business has an impact, not only on the community where it operates, but also at a wider level, i.e. on the Planet. For this reason, it always seeks to take into account not only the growth of the economy, but also respect for the environment and the progress and integration of all people, contributing to the construction of a society based on equal opportunities.



In 2019, in the context of the transition to a low-carbon economy, the Bank signed the “**Letter of Commitment for Sustainable Finance in Portugal**”, which aims to contribute to the promotion of sustainable investment practices in the country, with the purpose of accelerating the process of transition to a carbon neutral economy by 2050. The letter gives continuity to the work that has been developed by a “Reflection Group” that includes the main players in the financial sector in Portugal, among which NOVO BANCO, coordinated by the Ministry of the Environment and Energy Transition (MATE), in partnership with the Ministries of Finance and the Economy.

With the signature of the letter, the Bank undertook the following commitments:

To Promote

- to engage in a debate on sustainability and environmental, social and governance risks and opportunities at Board level of financial institutions, with a view to factoring in these risks and opportunities in the definition of their strategies;
- to provide training in sustainable finance for employees at different levels of the organisation, including at Board level, with a focus on the areas of credit risk analysis, financial products, and commercial and/or production;
- to gradually integrate environmental, social and governance criteria in financing and investment analysis.

To Follow up

- to review the ‘PME Líder’ and ‘PME Excelência’ criteria to gradually incorporate sustainability issues into these criteria and accept the possibility of creating a ‘Green SME’ or ‘Sustainable SME’ category;
- participation in future works stemming from the Reflection Group for Sustainable Finance.

The Bank also participated in another two working groups on Sustainable Finance, promoted respectively by the Portuguese Association of Banks and the Portuguese Association of Investment and Pension Funds and Asset Management Firms. These groups address the indirect impact of the financial sector on the environment, analysing several topics - taxonomy, environmental risk, the principles of responsible banking, green label, among others - that are on the agenda of the day, being evaluated by several regulators and entities in Europe and worldwide.

The Bank is starting to incorporate Sustainable Finance into its business model, but there is still a way to go for the risks and opportunities arising from climate change to be clearly assessed and for this assessment to be standardised in the financial sector. The new technologies will make it possible to reduce the direct impact on the environment, but the indirect impact will also have to be reduced. For this reason, and in order to build a strong and lasting relationship with the clients, and to respond to their concerns about climate change, the offer of products with environmental concerns has been reinforced, namely through the following:

<p>NB 18.31 Account</p>	<p>Designed to have a lower environmental impact, this is a fully carbon-neutral account, not only because it is an online account, but also because the underlying carbon emissions are fully neutralised. Based on PAS 2050:2008 methodology, which is used to analyse the entire life cycle of products and services, it was concluded that each new NB 18.31 Account has an estimated carbon impact of 1.09 kg CO₂eq/year. This represents a 20% reduction vis-à-vis the impact of a conventional account. If the</p>	<p>127 259 NB 18.31 accounts</p> <p>1 346 tonnes of CO₂ neutralised</p>
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	<p>account is opened online, its estimated carbon impact is 944g. At 31 December 2019, NOVO BANCO had 122 259 NB 18.31 Accounts with offset emissions, which corresponds to the neutralisation of 1 346 tonnes of CO₂, of which 130 tonnes in 2019. With the NB 18.31 account the equivalent of 2 058 one-passenger return flights between Lisbon and London have already been neutralised.</p>	<p>CO₂ emissions compensated through project Soil&More project, a project of composting of green waste</p>
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More information on Soil&More project may be found in the Bank's institutional website.

Most structured products issued in 2019 have their remuneration indexed to the companies' shares performance that stand out in their ability to lead social and government changes. In particular, 4 of the structured products issued in 2019 not only meet the previous criteria but have their remuneration indexed to companies that stand out specifically in pursuing best environmental practices.

NB ECO Better Environment	<p>With remuneration indexed to the closing price of 3 companies which have undertaken to implement strategies to combat climate change and a governance model that ensures the management and disclosure in their financial statements of greenhouse gas emissions. At the closing date of this product's subscription, these companies were included in the STOXX® Global ESG Impact index.</p>	<p>548 clients subscribed this product</p> <p>€11.3 million in subscriptions</p>
NB Clean Energies	<p>With remuneration linked to the closing price of a company that produces and distributes products and services in the clean energy sector, i.e., products that generate few or no greenhouse gases, namely using wind and solar energy, and abstaining from burning fossil fuels.</p>	<p>835 clients subscribed this product</p> <p>€18.6 million in subscriptions</p>
NB Less Plastic	<p>With remuneration linked to the closing price of three companies that endorsed the New Plastics Economy Global Commitment, a project led by the Ellen MacArthur Foundation, in collaboration with the United Nations Environment Programme. This programme aims to promote a circular economy for plastic, defining common goals to deal with plastic waste and the pollution it causes.</p>	<p>612 clients subscribed this product</p> <p>€13.4 million in subscriptions</p>
NB ECO Circular Economy	<p>With remuneration linked to the closing price of three companies that stand out for their ability to apply the Circular Economy concept, an industrial system in which the materials used are reused. These companies are included in the MSCI World ESG Leaders index.</p>	<p>552 clients subscribed this product</p> <p>€11.5 million in subscriptions</p>

In 2019, ESG structured products subscriptions represented an investment of **€54.7** million. By December 31st a cumulative amount of **€88.5** million of subscriptions was attained.

Mortgage credit was also subject to innovation in terms of environmental concerns, namely through a spread bonus in mortgage loans for the acquisition of property with A +, A and B energy certification.

The 'Casa Eficiente' 2020 line (Efficient Home line) continues to be part of the offering, providing favourable conditions in transactions that promote the improvement of the environmental performance of private residential buildings, with a special focus on energy and water efficiency, as well as on urban waste management.

The adaptation of products to the needs of customers also involves the progressive integration of social concerns. NOVO BANCO intends to increasingly adapt its products to the new realities of its clients. Accordingly, its saving products permit to build up a nest according to each family's budget. In line with this positioning, the Bank has designed a package of Micro Savings solutions comprising three products, namely Planned Savings, Micro Savings and the Targeted Savings Smart app, under which accumulated **€1 101** million were saved in 2019.

This encouraged clients to adopt saving behaviours, through the regular deposit of small amounts, the rounding up of bills, among others.

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.	277 thousand subscriber clients €1 089.9 million in savings
Micro Saving	This solution 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 savings account.	Used by ca. 42 thousand clients €8.5 million in savings
NB smart app (Targeted savings)	Launched in 2017, this is an exclusive product for Clients who have installed the NB smart app: once the Client has defined his/her saving objectives (how much and for how long he/she wants to save) the NB smart app traces the path to reach this objective.	6.4 thousand clients subscribed this product €6.2 million in savings

4.2.1 Financial Inclusion

To expand the reach of financial services and consequently achieve wider social inclusion, the Bank offers the Minimum Banking Services Account, a current account providing a debit and a credit card, with an annual maintenance fee of €4.12. This account is intended 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.
- persons who hold other current accounts, but wish to open a minimum banking services account in which one of the holders is over 65 years old or is dependent on others.

In 2019 the Bank had 8 491 Minimum Banking Services accounts.

NOVO BANCO offers its SME customers the InnovFin lines contracted with the FEI (NB FEI Innovation II, III and IV lines) that incorporate the concept of Eco-innovation, aimed at financing innovative companies with environmental concerns. In 2019 the amount granted under these lines totalled an accumulated **€897,9** million.

4.3 Suppliers

The management of a sustainable business extends to the Bank's entire value chain. As a relevant buyer of products and services in the market, NOVO BANCO has set up a supplier relationship model (around €236.04 million invoiced to NOVO BANCO in 2019), which is based on a commitment to follow good international practices and principles. This model, which is based on the recognition of the importance of the economic, environmental and social impacts produced by this group of stakeholders, is based on two main pillars:

Code of Conduct

- The process of supplier evaluation and selection is strict and carried out in accordance with the highest standards of transparency and ethics

Supplier Relationship Principles

- Principles aligned with the OECD guidelines for multinational companies and the United Nations Global Compact, setting 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.
- These principles bear on the following:
 - Impartiality
 - Equal treatment, without privileges or cronyism
 - Avoidance of conflicts of interest
 - Transparency and Ethics
 - Adequate disclosure of information
 - Supplier selection criteria
 - Quality and Efficiency
 - Selection of the best suppliers
 - Reduction of bureaucratic burden

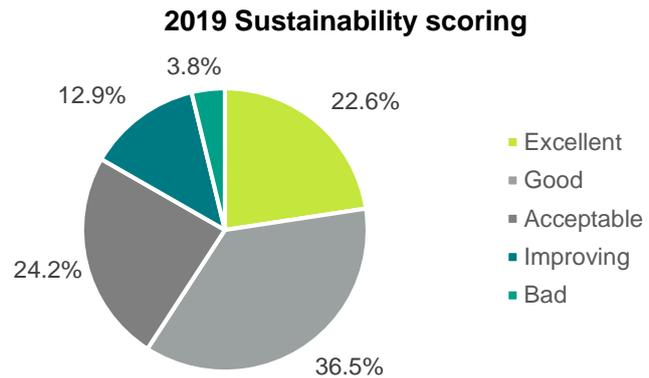
The signature of the Global Compact ten principles, issued by the United Nations as a result of a corporate citizenship initiative launched by Secretary-General Kofi Annan, and announced on 31 January 1999 at the World Economic Forum, were the basis for the design of the set of Supplier Relationship Principles and the integration of sustainability in the Bank's value chain.

NOVO BANCO's suppliers are invited to subscribe to these principles, which imply the adoption of consistent conduct, namely with regard to the environment, employment conditions and ethics.

A responsible and consistent attitude in the selection of suppliers starts with the total availability with which all presentations and proposals from the most varied entities that intend to provide services or supply goods are received. To this end, the Supplier Portal (<https://fornecedores.novobanco.pt/>), is the place where any supplier, actual or potential, may introduce itself and register. In addition to providing the prime sourcing basis for market consultation processes, the database of registered entities allows for an easier and faster 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 service requirements. The degree of suppliers' coverage, in terms of billing, that had completed their registration or were in the process of registering (pre-registered) in the Portal was 94% at 31 December 2019.

For a more rigorous selection of this group of stakeholders, and based on the information provided, NOVO BANCO calculates the “sustainability scoring”, which takes into account ethical, labour, hygiene and safety at work, and environmental aspects. Around **23%** of NOVO BANCO’s suppliers registered in the Portal have a score of excellent and **83%** have a positive score cumulatively, which compares with 74% in 2018.



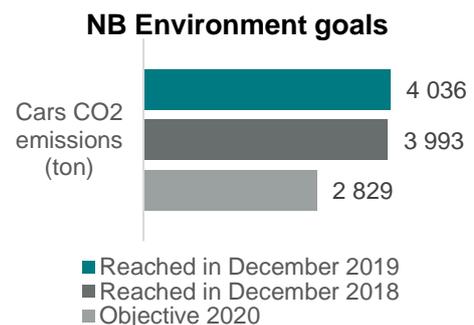
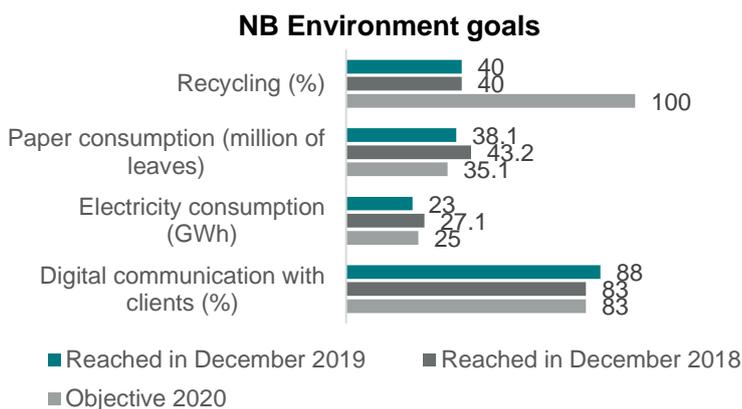
Maintaining a professional relationship with suppliers also implies responsible action, namely guaranteeing payment periods of 30 days, in line and in compliance with good market practices. This includes giving suppliers access to their current account, free of charge and at all times, simply by logging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

Our contractual payment period is 30 days, but in 2019, the average payment period to suppliers was 23 days.

4.4 Environmental impact



The direct environmental impact from the Bank's activity and related concerns are included in NOVO BANCO's Social Dividend model, an innovative model of commitment to reward society and the Bank’s employees (see page 49). Consisting of 4 programmes, one of which is NB Environment, the model comprises five indicators aimed at monitoring and consolidating responsible management and reducing the activity's environmental impact, with specific objectives having been set for 2020 in order to achieve these goals.



Of the five objectives, two have already been achieved – **88%** of communications with clients is digital and electricity consumption has decreased to **23** GWh. Concerning the remaining initiatives, although the objectives have not yet been achieved, the Bank is working towards approaching the defined objective in 2020.

4.4.1 Paper consumption

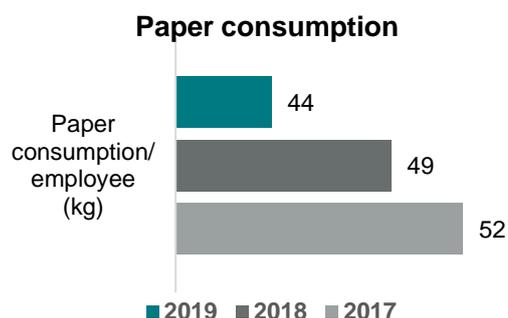
Since paper is one of the most used consumables in the financial sector's activity, the Bank's role is to reduce its use, thus remaining committed to the rationalisation of paper-based communication, both internally and externally.

To this end, actions to raise awareness and change the habits of employees are promoted, both in central departments and in the branch network, and the continuous dematerialisation of processes, through their digitisation, will continue to be reinforced in communications with the clients.

In 2019, some of the measures that had already been implemented were reinforced:

- avoiding the printing of documents in internal meetings and using digital signatures whenever possible;
- reducing the number of printers;
- standard back and front, black and white printing;
- use of paper up to 75 gr.

During 2019, 188.8 tonnes of white paper and 94.6 tonnes of printed finishing and extraction were used, a reduction of 12% and 19% respectively compared to 2018.



In 2019, as part of the new distribution model, a set of initiatives aimed at changing processes and introducing simpler and more efficient processes was introduced on a pilot basis at some of the Bank's branches as a mean to enhance a "paperless" culture. Different forms of digital signature are being introduced, in a phased and incremental manner, that allow the formalisation of operations at Branches to be dematerialised, using, for example, handwritten electronic signatures and signatures validated and obtained through 'one-time password' validation codes sent to customers' mobile phones.

The optimisation of communication to customers, namely in terms of document dematerialisation and consequent improvement in environmental quality, is also a process to be continued.

Paper consumption by employee decreased by 11% year-on-year.

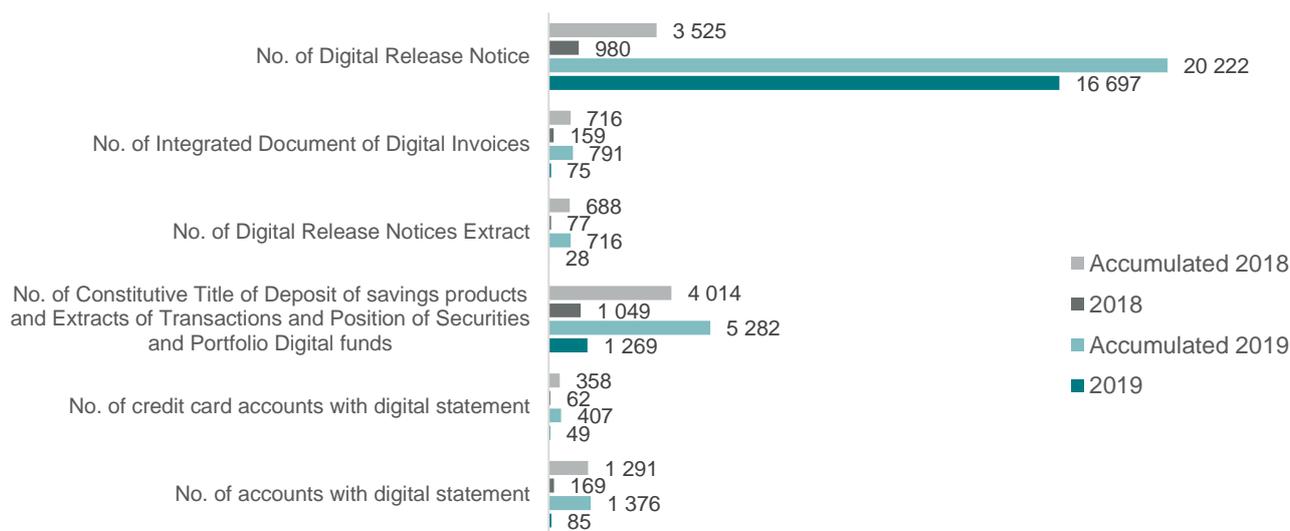
In addition to the account statements, NOVO BANCO also sends most other banking documents to its clients in digital format (credit card statements, deposit certificates, account entry notices, statements of securities and

% Dematerialisation of client communications



funds' portfolio movements and position, entry notices, integrated billing notices, and sundry notices). This permitted to reach in 2019 the objective set for 2020, i.e. 83% of client communication is digital.

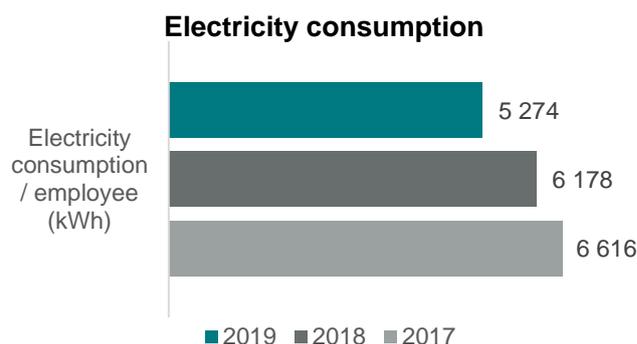
Digital documents (thousand)



4.4.2 Electricity consumption

In 2019, reducing electricity consumption remains a premise. The initiatives launched based under the NB Environment programme promoted a more efficient use of energy and contributed to the positive results achieved:

- Reduction in the number of consumption locations - branch network and buildings;
- Installation of more energy-efficient lighting and equipment (ex: HVAC);
- setting a time limit for central buildings to be used, centrally turning off HVAC and lighting systems;
- progressive replacement of lamps by led lighting;
- reinforcement of the consumption monitoring programme and adoption of preventive and corrective measures.



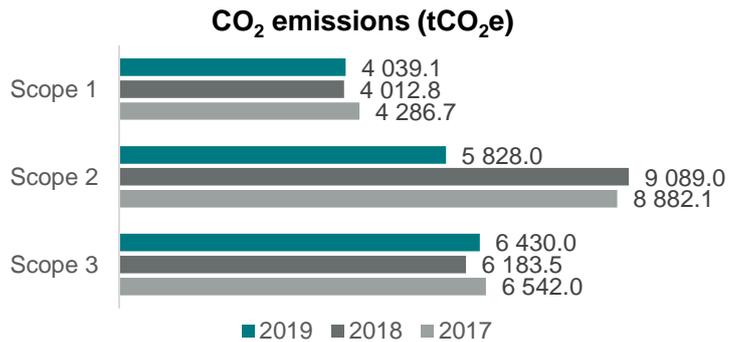
In 2019 we consumed 22 816 220 kWh of electricity, a reduction of around 16% compared to 2018.

In 2020, the intention is to start a new employee awareness programme.

4.4.3 CO₂ emissions

Being aware that there is a direct relationship between energy consumption and CO₂ emissions, NOVO BANCO monitors and calculates its direct and indirect emissions (Scope 1, 2 and 3) according to the guidelines of the Intergovernmental Panel on Climate Change (IPCC), and the WRI/WBCSD Greenhouse Gas Protocol.

The largest source of direct emissions is related to trips in company cars, which have increased around 1%. With regard to indirect emissions, they are mostly related with the production of purchased electricity, which, in 2019, decreased **35.9%** compared to 2018, and other activities that NOVO BANCO does not directly control, but influences.



In 2019, the Bank maintained a set of initiatives that permitted to reduce energy consumption and positively influenced CO₂ emissions.

In 2019, and within the scope of the commitment to reduce CO₂ emissions, the Bank signed the **Business Ambition for**

We issued 16 297 tCO₂e, a year-on year reduction of 15.5%.

1.5°C letter, a document recently presented by the United Nations Global Compact, with the following main objectives:

- achieve the transition to a low carbon economy;
- avoid overheating the atmosphere.



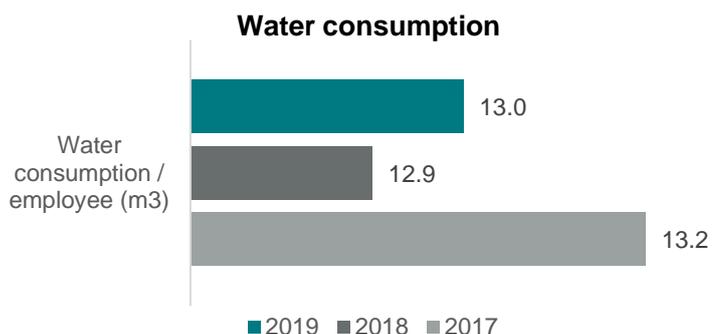
This appeal comes in line with the “Global Warming of 1.5°C”, a report presented by the IPCC that addresses the negative impacts and risks arising from the rise in temperature, alerting to the urgency of establishing measures to prevent this warming.

With this signature, the Bank assumes its commitment to preserve the planet and limit the temperature increase to 1.5°C by 2050, and undertakes to submit a scientific project to reduce the CO₂ emissions resulting from its activity within 24 months. The project must prove to be essential to start the transition into a low carbon economy and to the consequent slowdown in global warming.

4.4.4 Water consumption

Although water consumption is not an area where the financial sector has a large direct impact, water is a scarce resource and NOVO BANCO remains committed to actively managing and reducing its consumption. To this end, a set of initiatives has been implemented, including the following:

- replacement of traditional taps for taps with timers;
- installation of dual-flush toilets in the central buildings and branch network, when this has not yet been done;



- encouraging employees to report any anomalies detected.

In 2019 we consume 56 145 m³ of water.

4.4.5 Waste separation

NOVO BANCO has set a challenging goal with regard to waste separation, i.e., to achieve a 100% rate of separation by 2020. In 2019, the Bank reached a 40% rate of waste separation, still well below the target.

To reach this goal next year, it will be necessary to minimise the amount of waste produced, as well as to reuse and recycle. In 2019 the Bank has already reached a rate of 100% in:

- waste separation in the clinical units;
- separation and recycling of paper waste and toner cartridges



The decrease in consumables (for example, toners) sent for recycling in recent years was largely due to the implementation of ongoing dematerialization / digitalization initiatives at the Bank, which translates into a reduction in the consumption.

The Bank intends to pursue the good practices already under way and set 2020 as the year in which new initiatives and awareness programmes will be established among the employees.

In 2019, 100% of the paper to be destroyed is already separated and recycled.

5 Our Responsible Conduct

Our Responsible Conduct

“We develop our activity based on a fair governance model and in full compliance with the best national and international practices in force. We carry out our business in full compliance with the rules established by our various regulators and with the aim of contributing to the construction of a financial system which we want to be ethical and secure. This is our mission, to carry out our activity in a transparent and fair manner so as to restore confidence in NOVO BANCO.”

Luísa Soares da Silva
Executive Board of Directors
NOVO BANCO

Having a well-structured governance model based on policies and principles that ensure an efficient and prudent management of NOVO BANCO's activity is a fundamental indicator for business sustainability. This model is permanently monitored and its management is based on transparency, impartiality and social responsibility.

9 members of the General and Supervisory Board	8 members of the Executive Board of Directors
5 Special Committees of the General and Supervisory Board	5 independent members of the General and Supervisory Board

14 801 hours of training in AML/CTF¹⁰	1 035 AML/CTF participations to the authorities
Social Dividend 6 goals already achieved in 2019	€580 444 in donations

5.1 Listening to the regulators, the shareholders and the community

To act in an ethical and responsible manner, promoting the transparency of information disclosure through regular contacts with shareholders, regulators and the community in general, through the various existing channels, is a recurring practice of NOVO BANCO. The feedback from these stakeholders with regard to the Bank's activity is extremely important for the continuity of the business, insofar as external stakeholders are not only affected by the way the Bank's activity is carried out, but they can also affect the performance of NOVO BANCO. The correct interconnection between NOVO BANCO and its external stakeholders is the foundation for the construction of a Bank that aims at continuous improvement and seamless adaptation to a community in constant change.

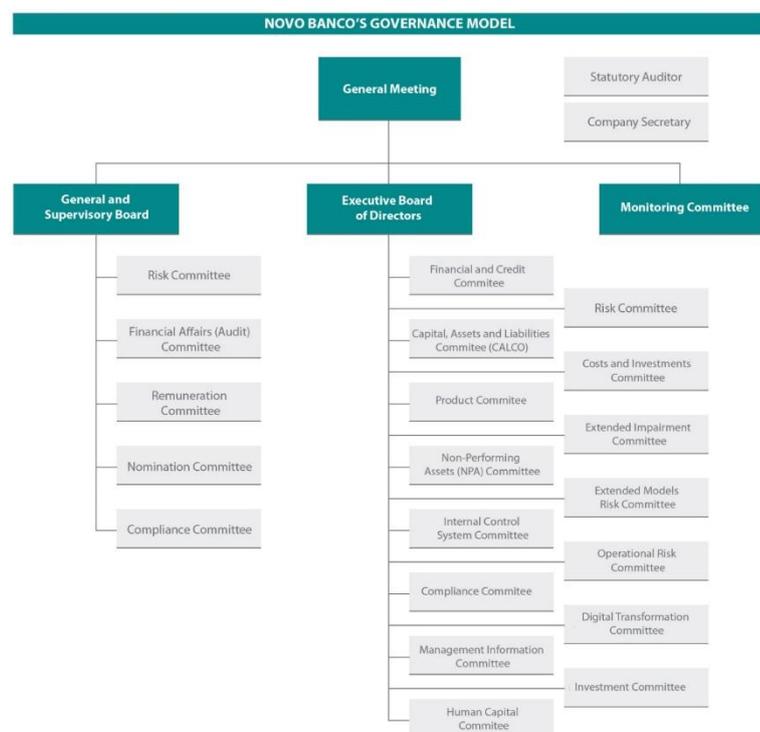
¹⁰ Anti-Money Laundering/Combating the Financing of Terrorism



5.2 Governance model

For NOVO BANCO, the existence of a transparent framework of values and principles that guide the actions of members of the Bank's community is crucial. To this end, in 2019, the commitment to ensure these principles and values was reinforced, always with a strong focus on the Bank's governance model, while continuing to recognize that a robust and transparent government structure promotes more sustainable decision-making and an adequate dissemination of the Bank's values.

The Bank's social and statutory governing bodies - General Meeting, General and Supervisory Board, Executive Board of Directors, Monitoring Committee, Statutory Auditor and Company Secretary - are appointed for 4-year terms and may be re-elected once or more than once. Decision-making can be monitored by the different Committees of the General and Supervisory Board and the Executive Board of Directors.



More information may be found in the Governance Report, which is part of the 2019 Annual Report.

5.3 Restoring trust

To ensure respect for clients, employees, the community, suppliers, and all other stakeholders, the Bank bases its management model on high standards of conduct, seeking to restore trust. To this end, it is a Bank's strategic priority to guide its performance based on ethical principles of integrity, honesty, diligence, competence, transparency and fairness. The Code of Conduct, the Conflict of Interest Policy, Related-party Transactions Policy, the Whistleblowing Policy and also the Remuneration Policies, are policies that aim to ensure the

correctness of the Bank's activity. The monitoring and clarification of these policies to employees regarding content and application are carried out by the Compliance Department.

5.3.1 Code of Conduct

The Code of Conduct promotes a set of rules and best practices to be followed by the employees in their relationship with the clients and the Bank itself. Its objective is to ensure that everyone knows the ethical and professional principles and standards that should guide their performance and the need and importance of their observance, respecting the interests of shareholders, employees and customers. It aims to:

Disclose

- the principles by which NOVO BANCO should steer its activities.

Promote

- an ethical conduct amongst all employees, aligned with NOVO BANCO's values;
- respect for and compliance with all applicable laws and regulations.

Create

- a transparent system of relations between employees and outsiders.

The document is available on NOVO BANCO's institutional website.

5.3.2 Conflicts of Interest Policy

The Conflicts of Interest Policy establishes rules for the identification, management and monitoring of potential conflicts of interest in the various activities of NOVO BANCO, in compliance with applicable legal and regulatory provisions, as well as the recommendations of Banco de Portugal and the European Central Bank. The Code applies to all the employees, including the members of the General and Supervisory Board and Executive Board of Directors.

It aims to strengthen NOVO BANCO's governance model by pursuing the following objectives:

- definition of rules and mechanisms to prevent, identify and manage potential or actual situations of conflicts of interest;
- ensuring compliance with the legal and regulatory rules on the prevention and management of conflicts of interest that apply to NOVO BANCO and its employees;
- reinforcing the employees' knowledge of and awareness to conflicts of interest issues.

The Policy is available at NOVO BANCO's website, in Portuguese and English. More information may be found in the 2019 Annual Report, page 88.

5.3.3 Policy on Related Party Transactions

NOVO BANCO's Policy on Related Party Transactions sets down rules aimed at identifying transactions concluded between NOVO BANCO and Related Parties and at ensuring that the Bank complies with several provisions and regulations, namely the European Banking Authority (EBA) Guidelines on Internal Governance (EBA/GL/2017/11), Articles 85 and 109 of the General Law on Credit Institutions and Financial Companies and the International Accounting Standards (IAS 24).

The Policy on Related Party Transactions is available on NOVO BANCO's institutional website.

5.3.4 Remuneration Policies of the Management and Supervision Bodies and Employees of NOVO BANCO

The Bank has two remuneration policies, the purpose of which is to adopt and comply with remuneration practices that are consistent with prudent, sound and effective risk management, and do not constitute an incentive to excessive risk-taking or promote situations liable of generating conflicts of interest with the clients.

Remuneration Policy for management and supervisory bodies:	Remuneration Policy for employees:
<ul style="list-style-type: none"> - Members of the General and Supervisory Board; - Members of the Executive Board of Directors; - Statutory Auditor 	<ul style="list-style-type: none"> - All Employees with a labour contract with NOVO BANCO

The two policies are aligned to the Bank's objectives, strategy, nature, structure, culture and values, and are steered by principles of meritocracy and transparency. It seeks to encourage:

- ethical and responsible conduct by all employees;
- fair treatment of customers;
- prevention of conflicts of interest and the mitigation of risks, namely reputational risks.

The Bank has a Remuneration Committee composed of three members elected by the General and Supervisory Board, the majority of its members being independent.

More information may be found in the Bank's institutional website.

5.3.5 Prevention of Money Laundering and Terrorist Financing

A Bank's ability to detect and prevent activities capable of constituting money laundering and terrorist financing is directly linked to its knowledge about its clients, certain key elements relating to their counterparties and the respective transactions.

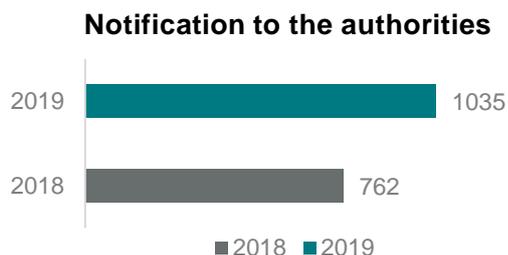
The Bank provides for the existence of adequate risk control and mitigation methods with a special focus on the following moments:

- opening of contract or change of a party to an existing contract, through what is known as KYC (Know Your Customer) - i.e., the identity of contract parties, representatives and beneficiaries must be effectively established;
- monitoring contracts' transactions - KYT (Know Your Transactions), spotting unusual situations, either beforehand or by contacting the client after the situation was detected.

The defined activity framework sets up the conditions that permit to **detect** and **prevent**, through adequate policies and procedures, the possibility of the Bank being used as a vehicle for money laundering or terrorist financing activities, which is a risk inherent to its presence and activity in the financial markets.

In 2019, 14 801 hours of training in the prevention of money laundering and terrorist financing were provided, which is an increase of 8 215 hours compared to 2018.

To reduce risks, the training component on the prevention of money laundering and terrorist financing was reinforced once again, namely through **13 726** hours of online training (including 998 hours of training for management staff) and **1 075** hours of face-to-face training (of which 162 hours of training for management staff). Training is seen as a key tool for a correct flagging by the employees of potential situations of money laundering and terrorist financing.



3 705 new contracts were analysed in 2019, of which 48 were rejected. In addition, **1 138** other contracts were analysed, upon which their ownership was changed. Moreover, **11 457** transactions under existing contracts were analysed, of which **1 035** were reported to the competent authorities.

The prevention of money laundering and terrorist financing is one of the foundations for confidence in the financial system and therefore will continue to deserve permanent attention.

More information may be found in the 2019 Annual Report and the Bank's institutional website.

5.3.6 Whistleblowing Policy

All employees are responsible for helping to prevent, detect and report conduct that is inconsistent with the Bank's codes and policies. The newly established whistleblowing policy thus regulates the reporting of irregularities, not only by employees, but also by service providers or any third parties, having the following objectives:

- to preserve the Bank's reputation;
- to effectively protect its assets and those of its clients;
- to prevent or detect in due time irregularities that may be committed.

The whistleblowing policy ensures that all employees, service providers or any third parties can raise concerns about actual or suspected violations of ethical and legal standards, freely, and without fear of repercussions. Full protection is guaranteed concerning the personal data of the person who makes the communication and of the suspect of violation, which are collected through the available channels. In 2019, 2 complaints were received, of which 2 resulted in inquiries, which after analysis proved to be unjustified.

As a result of various notifications and issues related to the internal rules, mostly concerning breaches of these rules and negligent behaviour, 27 infractions were detected in 2019, which resulted in the following sanctions:

- 2 dismissals without any indemnity or compensation;
- 7 holiday days lost;
- 9 disciplinary warnings;
- 9 temporary suspensions with loss of pay and seniority.

The Bank will continue to focus 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.

5.4 Giving back to the community

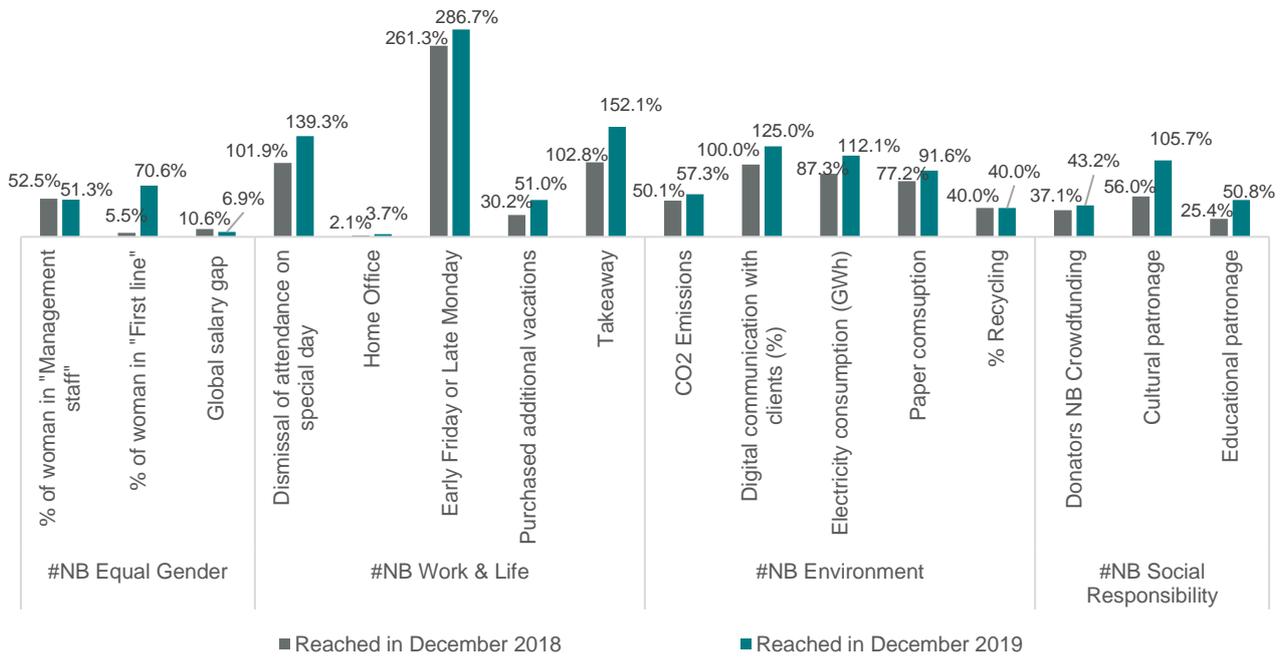
In 2017 NOVO BANCO designed a new Corporate Social Responsibility (CSR) programme and concept, creating the **Social Dividend** assessment model under which NOVO BANCO assumes a commitment to give back to society and its employees. This model is a reference in the field, comprising four programmes with specific objectives for 2020.

Social Dividend Model			
NB Equal Gender	NB Work & Life	NB Environment	NB Social Responsibility

In the three years of monitoring this model, several initiatives from the four programmes have already achieved their objectives or are very close to achieving them, and progress has been made towards the targets set for 2020, namely in the following: employee leave on special days, early Friday/late Monday, takeaway meals, percentage of digital communication to the client, electricity consumption, cultural patronage and paper consumption.

183 of the 200 points defined in the Social Dividend for 2020 had already been reached in 2019.

**Social Dividend
% of objective reached**

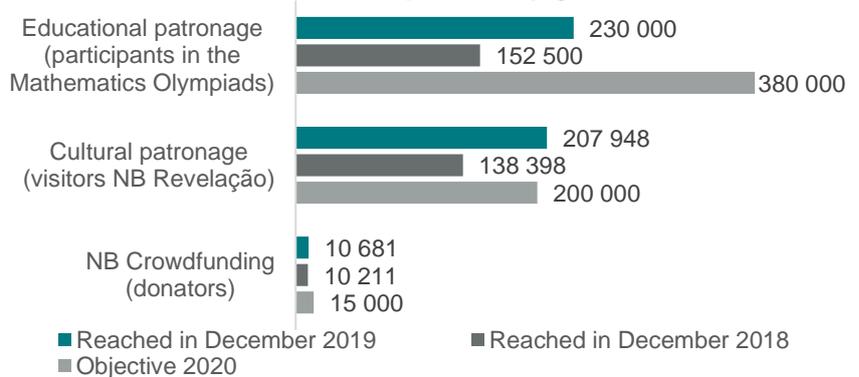


The NB Social Responsibility programme monitors three indicators, with the NOVO BANCO Revelação initiative showing a frankly positive performance.

The NB Social Responsibility programme gave continuity to the Corporate Social Responsibility architecture, with the aim of helping devise solutions for important

issues within the community in which the Bank operates. This programme is deployed in three areas, namely:

NB Social Responsibility goals



Cultural patronage

- **NOVO BANCO Revelação** - NOVO BANCO award launched jointly with the Serralves Foundation, it distinguishes young creators in the field of contemporary photography. There is a different jury for each edition, which selects up to four finalist projects and elects the big winner from among them. All selected artists receive a production grant of €4,500. The Serralves Museum exhibits the selected projects and the winner's project. The winner's work is published in a catalogue.
- **NOVO BANCO Painting Collection** - a set of more than 90 relevant works of Portuguese and European painters from various periods. 52 works of great cultural importance have already been lent for permanent exhibition in 27 museums in various regions of the country.
- **NOVO BANCO Contemporary Photo Collection** - amongst the best Corporate Collections in the World, it won the international prize "For the Outstanding Photography Collection of 21st century living artists" at the "Corporate Art Awards – Art Patrons of the 21st Century".
- **NOVO BANCO Library for Humanistic Studies** - one of the most valuable private libraries specialising in humanistic studies, it has been placed with the Faculty of Letters of Lisbon University for safekeeping.
- **NOVO BANCO Numismatic Collection** - one of the largest and most complete Portuguese numismatic collections, it is available to the public by appointment, and also to students and researchers, and for academic studies, under the recently established partnership with the Faculty of Social and Human Sciences (FCSH) of Universidade Nova.

Solidarity

- **NOVO BANCO Crowdfunding** - online collaborative financing platform where Private Social Solidarity Institutions ("IPSS") or Non-Governmental Organisations (NGOs) can submit their projects. This is a pioneering social crowdfunding in Portugal, which aims to support IPSS and NGOs willing to implement projects that make a difference in the lives of their users, through the collection of donations on the internet. The Bank provides 10% of the total financing. In 2019 it had brought 10 681 donors around common causes, with a total of €547 thousand in donations.
- **Patronage** - NOVO BANCO is a patron of the following institutions: Banco de Bens Doados, AMI - Assistência Médica Internacional, Acreditar and Associação Salvador.
- **NB Solidary Football** - 219 tickets to football matches were given to 10 IPSS.
- **NB Solidary Christmas Campaign** - in 2019, the institution to be supported was for the first time chosen by NOVO BANCO's employees. The chosen institution was APAV, and the campaign promoted the collection of items for its Shelters and gifts for its users - women and children of various ages. With the involvement of more than 700 employees, a diverse collection of items and gifts was gathered (small appliances, food, textiles, teaching and office supplies, among others) for the more than 40 users who spent the Christmas season in APAV's shelters.
- **Donations** - in 2019 the Bank granted donations in the amount of €580 444.

Financial Inclusion

- **Mathematics Olympiads** - organised every year by the Portuguese Mathematical Society, this is a contest of mathematical problems aimed to encourage and develop a taste for this science in students of the 2nd and 3rd cycles of basic education and those attending secondary education.

The Bank is committed to the highest governance standards and intends to continue to carry out its activity in close collaboration with employees, clients, suppliers, partners, regulators, among others, with the firm resolve to contribute to a healthy and sustainable society.

6 Our performance

Our performance

“At NOVO BANCO, day after day, we conduct our business under constant monitoring. This monitoring allows us to measure our performance, which depends not only on numbers, but also on the analysis and interpretation we make of them. Tracking indicators over time is the measure we use to define our progress, with a view to achieving the best results”.

Mark Bourke
Executive Board of Directors
NOVO BANCO

Total employees	2019	2018	2017
Total NOVO BANCO Employees in Portugal	4 326	4 382	4 721

Employment contract	Change	2019	2018	2017
Effective	▼ -3.2%	4 130	4 268	4 599
Women	▼ -2.6%	2 153	2 210	2 355
Men	▼ -3.9%	1 977	2 058	2 244
Fixed-term	▲ 71.4%	84	49	67
Women	▲ 80.0%	54	30	37
Men	▲ 57.9%	30	19	30
Temporary	▲ 20.4%	59	49	52
Women	▲ 44.4%	39	27	28
Men	▼ -9.1%	20	22	24
Internships	▲ 264.3%	51	14	0
Women	▲ 271.4%	26	7	0
Men	▲ 257.1%	25	7	0
Other	▶ 0.0%	2	2	3
Women	▶ 0.0%	0	0	0
Men	▶ 0.0%	2	2	3

Approximately 95.5% of NOVO BANCO's employees work on permanent employment contracts, which gives them greater professional stability, and only 1.9% work on fixed-term contracts.

Staff Turnover (%)	Change	2019	2018	2017
Total	▼ -0.5 p.p.	4.7	5.2	1.9
Gender				
Women	▼ -0.7 p.p.	4.7	5.4	1.8
Men	▼ -0.2 p.p.	4.7	4.9	1.9

Age bracket					
< 30 years old		▼ -5.4 p.p.	31.8	22.4	15.0
30 to 50 years old		▼ -0.7 p.p.	3.7	4.4	1.8
> 50 years old		▼ -3.3 p.p.	1.9	5.2	0.1

New hires and new hires rate (%)	Change	2019 Absolute values			
		2019	2018	2017	
Total	▲ 4 p.p.	291	6.7	2.7	6.1
Gender					
Women	▲ 4.9 p.p.	173	7.6	2.7	5.2
Men	▲ 3 p.p.	118	5.7	2.7	6.9
Age bracket					
< 30 years old	▲ 43.8 p.p.	207	94.1	50.3	30.4
30 to 50 years old	▲ 1.3 p.p.	78	2.5	1.2	5.8
> 50 years old	▲ 0.3 p.p.	6	0.6	0.3	3.2

Admissions and resignations	Change		2019		2018		2017	
	Admissions	Resignations	Admissions	Resignations	Admissions	Resignations	Admissions	Resignations
Total	▲ 148.7%	▼ -10.6%	291	203	117	227	286	83
Gender								
Women	▲ 183.6%	▼ -13.8%	173	106	56	123	127	41
Men	▲ 110.7%	▼ -6.7%	118	97	61	104	159	42
Age bracket								
< 30 years old	▲ 179.7%	▲ 112.1%	207	70	74	33	48	22
30 to 50 years old	▲ 95.0%	▼ -21.4%	78	114	40	145	207	59
> 50 years old	▲ 100.0%	▼ -61.2%	6	19	3	49	31	2

Training hours / employee	Change	Average per employee		Average per employee		Average per employee	
		Total 2019	2019	Total 2018	2018	Total 2017	2017
Total	▼ -23.2%	200 545	46.4	275 183	62.7	304 693	64.5
Gender							
Women	▼ -21.9%	109 365	48.1	135 039	61.6	151 111	61.7
Men	▼ -30.7%	91 181	44.4	140 143	64.1	153 582	68.8
Professional Category							
Management	▼ -23.2%	16 807	44.8	25 377	58.3	21 768	52.3
Heads of Department	▼ -64.3%	17 107	31.3	38 697	87.7	44 466	82.0
Specific	▼ -40.9%	77 811	37.6	120 150	63.6	124 334	62.0
Administrative	▲ 18.1%	88 820	67.2	90 916	56.9	114 089	66.0
Auxiliary	▼ -100%	0	0	42	2.2	8	1.2

Employee gender distribution by professional categories, at NOVO BANCO		Change	2019	2018	2017
Total	▼	-1.3%	4 326	4 382	4 721
Men	▼	-2.6%	2 054	2 108	2 301
			(47.5%)	(48.1%)	(48.7%)
Women	▼	-0.1%	2 272	2 274	2 420
			(52.5%)	(51.9%)	(51.3%)
Management	▼	-13.8%	375	435	416
			(8.7%)	(9.9%)	(8.81%)
Men	▼	-11.9%	245	278	279
			(65.3%)	(63.9%)	(67.1%)
Women	▼	-17.2%	130	157	137
			(34.7%)	(36.1%)	(32.9%)
< 30 years old			3	0	0
			(0.8%)	(0.0%)	(0.0%)
30 to 50 years old	▼	-13.2%	249	287	542
			(66.4%)	(66.0%)	(68.3%)
> 50 years old	▼	-16.9%	123	148	132
			(32.8%)	(34.0%)	(31.7%)
Leading bodies	▲	23.8%	546	441	542
			(12.6%)	(10.1%)	(11.38%)
Men	▲	20.3%	314	261	324
			(57.5%)	(59.2%)	(59.8%)
Women	▲	28.9%	232	180	218
			(42.5%)	(40.8%)	(40.2%)
< 30 years old	►		0	0	0
			(0.0%)	(0.0%)	(0.0%)
30 to 50 years old	▲	18.8%	424	357	324
			(77.7%)	(81.0%)	(59.8%)
> 50 years old	▲	45.2%	122	84	218
			(22.3%)	(19.0%)	(40.2%).5
Specific	▲	9.6%	2 070	1 889	2 005
			(47.9%)	(43.1%)	(42.5%)
Men	▲	4.9%	925	882	927
			(44.7%)	(46.7%)	(46.2%)
Women	▲	13.7%	1 145	1 007	1 078
			(55.3%)	(53.3%)	(53.8%)
< 30 years old	▲	86.4%	112	60	58
			(5.4%)	(3.2%)	(2.9%)
30 to 50 years old	▲	3.2%	1 601	1 551	1 686
			(77.3%)	(82.1%)	(84.9%)
> 50 years old	▲	28.4%	357	278	261
			(17.2%)	(14.7%)	(13.0%)
Administrative	▼	-17.3%	1 322	1 598	1 728
			(30.6%)	(36.5%)	(36.60%)
Men	▼	-16.8%	559	672	752
			(42.3%)	(42.1%)	(43.5%)
Women	▼	-17.6%	763	926	976
			(57.7%)	(57.9%)	(56.5%)
< 30 years old	▲	20.9%	104	86	99
			(7.9%)	(5.4%)	(5.5%)
30 to 50 years old	▼	-25.7%	812	1 093	1 187
			(61.4%)	(68.4%)	(68.7%)
> 50 years old	▼	-3.1%	406	419	442
			(30.7%)	(26.2%)	(25.6%)
Auxiliary	▼	-31.6%	13	19	30
			(0.3%)	(0.4%)	(0.7%)
Men	▼	-26.7%	11	15	19
			(84.6%)	(78.9%)	(63.3%)

Women	▼	-50.0%	2 (15.4%)	4 (21.1%)	11 (36.7%)
< 30 years old	►	0.0%	1 (7.7%)	1 (5.3%)	1 (3.3%)
30 to 50 years old	▼	-44.4%	5 (38.5%)	9 (47.4%)	13 (43.3%)
> 50 years old	▼	-22.2%	7 (53.8%)	9 (47.4%)	16 (53.3%)

Health in the workplace	Change	2019	2018	2017	
Cardiovascular screenings	▼	-0.2%	2 314	2 319	2 154
Cancer screening					
Mammography	▼	-7.3%	140	151	218
PSA screenings	▼	-0.2%	587	588	671
Vision screening	▼	-3.5%	2 601	2 696	2 789
Executive Check-ups	▲	7.0%	306	286	157

Parental Leave	Change		2019		2018		2017	
	Men	Women	Men	Women	Men	Women	Men	Women
Employees entitled to parental leave	▼	-1.3%	4 326		4 382		4 721	
Employees who took parental leave	▼	-3.6%	81	124	84	138	88	148
Employees who returned to work after parental leave ended	▼	-4.8%	80	83	84	88	86	113
Return to work rate *			98.8%	66.9%	100%	63.8%	97.7%	76.4%

*Rate of Return - Total number of employees who returned to the Bank after parental leave / Total number of employees who should have returned to the Bank after the end of leave *100

Health and Safety Indicators	Change	2019	2018	2017	
Work related accidents	▲	145.5%	54	22	47
Men	▲	142.9%	17	7	16
Women	▲	146.7%	37	15	31
Occupational diseases	►	0	0	0	0
Men	►	0	0	0	0
Women	►	0	0	0	0
Deaths	►	0	0	0	0
Men	►	0	0	0	0
Women	►	0	0	0	0
Accident rate	▲	155.8%	7.7%	3.0%	6.0%
Men	▲	156.1%	5.0%	1.94%	4.1%
Women	▲	154.2%	10.2%	4.0%	7.8%
Lost days rate	▲	39.1%	0.1%	0.1%	0.1%
Men	▲	138.7%	0.06%	0.03%	0.05%
Women	▲	13.7%	0.11%	0.19%	0.05%
Absenteeism rate	▲	14.3%	2.6%	2.3%	2.2%
Men	▲	7.3%	1.96%	1.83%	1.62%
Women	▲	18.3%	3.17%	2.68%	2.74%

Environmental Indicators - Materials consumed	Change	2019	2018	2017
White paper				
Internal use (tonnes)	▼ - 12%	188.8	215.3	246.3
Internal use (tonne/employee)	▼ - 11%	0.043	0.049	0.052
Forms - printing and finishing area (tonnes)	▼ - 19%	94.6	116.4	123.7
Consumables				
Toner cartridges (units)	▼ -68%	13	41	84
Ink cartridges (units)	▼ -91%	23	245	62
Bands (units)	▼ -89%	484	4 237	12 578
DVD/CDRom (units)	▼ -69%	735	2 340	1 085
Batteries	▼ -71%	1 499	2 742	2 818
Total IT consumables	▼ -71%	2 754	9 641	16 627

Environmental Indicators - Energy	Change	2019	2018	2017
Total electricity				
Electricity consumption (GJ)*	▼ - 16%	82 138	97 456	112 437
Total electricity consumption (kWh)*	▼ - 16%	22 816 220	27 071 205	31 232 543
Data Centre				
Electricity consumption (GJ)	▼ - 82%	5 076	27 495	29 820
Electricity consumption (kWh)	▼ - 82%	1 409 929	7 637 400	8 283 294
Electricity consumption (kWh/employee)	▼ - 15%	5 274	6 178	6 616
Natural gas consumption				
Natural gas consumption (GJ)		na	256	501
Natural gas consumption (N.m ³)		na	6 663	13 025
Propane gas**				
Propane gas consumption (GJ)		na	70	75
Propane gas consumption (kg)		na	1 485	1 620
Diesel***				
Generator diesel consumption (litres)	▲ 183.8%	1 135	400	5 000
Generator diesel consumption (GJ)	▲ 183.8%	41	14	177
Vehicles diesel consumption (litres)	▲ 1.0%	1 506 128	1 520 591	1 634 368
Vehicles diesel consumption (GJ)	▲ 1.0%	54 148	54 668	57 963
Gasoline				
Vehicles gasoline consumption (litres)	▲ 2 416.7%	21 140.4	840	2 590
Vehicles gasoline consumption (GJ)	▲ 2 416.7%	693	28	85
Total energy consumption (GJ)	▼ -10.1%	137 021	152 493	171 238
Trips				
Number of vehicles	▲ 4.1%	866	832	916
Number of flights	▲ 18%	762	615	546

na – non-applicable

* Includes Data Centre up to July 2019.

** In 2019 NOVO BANCO decommissioned its canteen at Carnaxide and therefore ceased to consume propane gas.

*** Diesel consumption in 2019 is an estimate based on the number of hours generators were operating. In 2018 only the consumption of two generators had been reported, which explains the increase in 2019.

Environmental Indicators – Emissions (tCO ₂ e)*	Change	2019	2018	2017
Direct emissions (Scope 1)	▲ 0.7%	4039.0	4 012.8	4 286.7
Emissions from trips in company cars	▲ 1.1%	4036.0	3 993	4 241
Emissions from natural gas and butane gas kitchen equipment	▼ -100%	0	18.7	32.7
Emissions from emergency generators	▲ 172.7%	3.0	1.1	13.0
Indirect emissions (Scope 2)**	▼ -35.9%	5 828	9 089.0	8 882.1
Emissions from the production of electricity purchased (Market based method)	▼ -35.9%	5 828	9 089.0	8 882.1
Emissions from the production of electricity purchased (Location based method)	▼ -45.6%	5 336		
Total (Scopes 1 and 2)	▼ -24.7%	9 867.1	13 101.8	13 168.8
Indirect emissions (Scope 3)	▲ 4.0%	6 430.0	6 183.5	6 542.0
Emissions from Employees' business trips, including flights	▲ 25.2%	405.3	323.8	327.0
Emissions from employees' home/ work daily trips***	▲ 4.9%	5 973.0	5 696.0	6 039.0
Emissions from wastewater treatment****	▼ -1.3%	51.7	52.4	56.8
Total (Scopes 1, 2 and 3)	▼ -15.5%	16 297.1	19 285.0	19 710.8

* See methodology notes in GRI Table.

** Scope 2 is calculated based on the location-based method only since 2018. The Total (A1 + A2) reflects the value calculated based on the Market-Based.

*** The increase in emissions despite the decrease in the number of employees is due to the emission factor of diesel and gasoline vehicles in 2019 being higher than in 2018.

**** Recalculated for previous years according to the new methodology adopted by APA for the calculation of emissions associated with wastewater treatment.

Environmental Indicators - Water consumption	Change	2019	2018	2017
Water consumption from public supply network (m ³)	▼ -0.7%	56 145	56 552	62 441
Water consumption per employee (m ³ /employee)	▲ +0.6%	13.0	12.9	13.2

See methodology notes in GRI Table

Environmental Indicators - Waste management	Change	2019	2018	2017
Paper sent for recycling (tonnes)	▼ -39%	265.6	434.2	198.0
Cardboard sent for recycling (tonnes)	▼ -82%	10.6	60.3	68.0
Toner cartridges (units)	▼ -68%	13	41	84
Ink cartridges (units)	▼ -91%	23	245	62
Bands (units)	▼ -89%	484	4 273	12 578
DVD/CDRom (units)	▼ -69%	735	2 340	1 085
Batteries	▼ -45%	1499	2 742	2 818
Total IT consumables collected (units)	▼ -71%	2 754	9 641	16 627

7 About this report

All images inserted in the pages of this report were taken by Bank employees who contributed to the project “Momentos NOVO BANCO”, allowing them to express their talent as photographers and show the world around them.

The “Momentos NOVO BANCO” project was born from the desire to involve all NOVO BANCO employees, in the creation of a NOVO BANCO image bank, recognizing their talent also in their personal lives.

7.1 About this report

This report describes the manner in which NOVO BANCO 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 sustainability performance over the last three years, therefore the data presented for 2018 and 2017 concern only the NOVO BANCO scope.

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 also responds to the legal requirements introduced by Decree-Law no. 89/2017, of 28 July, and, under the terms of article 508-G of the Commercial Companies Code, the NOVO BANCO Non-Financial Statement.

Ernst & Young, Audit & Associados, SROC, SA has provided independent assurance of this sustainability performance, considering that the relevant indicators were reported in accordance with the GRI sustainability reporting standards and Decree-Law no. 89/2017, as referred on pages 64 and 65.

The Sustainability Report 219 complements and details the information contained in the 2019 Annual Report (AR), 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

7.2 Methodology notes

METHODOLOGY NOTES	
SOCIAL INDICATORS	
Staff Turnover	Number of employee departures in 2019, including voluntary departures/ total number of employees in 2019*100 by age group and gender
New hires rate	New hires in 2019/total number of employees in 2019
Accident Rate	Number of accidents at work/Hours worked*1000000
Absenteeism Rate	Number of absences (without maternity / paternity leave)/Possible working hours*100
Return to Work Rate	* Employees who returned to work after parental leave ended and remained in service after 12 months, based on the number of returns in 2019
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
Social Dividend NB Equal Gender and NB Work & Life	Amount reached in December 2019 - baseline value 2016/target set for 2020 - baseline value 2016 The calculation method for some initiatives, namely Home Office, Early Friday/Late Monday and Holiday Owns changed, with the amount relative to 2018 being corrected. In the previous methodology, employees who used the benefits more than once were not counted. In 2019, the new methodology only the repetitions within the same year are excluded. This new calculation formula is justified by the long indicators monitoring period
ENVIRONMENTAL INDICATORS	
Electricity	Amount calculated directly from EDP records and billing
Generators diesel	Amount accounted only for the consumption of 2 of the 10 generators within the reporting scope. NOVO BANCO will try next year to cover most of the existing generators
Natural gas	The amount calculated corresponds to the total invoices for the year 2019
Propane gas	Amount calculated based on the invoicing of the XX 45 Kg bottles purchased in 2019
Water	Estimated value based on actual water consumption in 100% of central buildings and 48% of branches
Social Dividend NB Environment	Amount reached in December 2019 - baseline value 2016/target set for 2020 - baseline value 2016
Energy - The following formula was used to calculate direct energy consumption (fuel consumption) in GJ: 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))
Density of diesel (generators)	0.84 (Source: DGEG 2017, data for 21-09-2019)
PCI Propane gas (LPG) and Natural gas	46.65 GJ/t (Source: APA 2013 - https://apambiente.pt/_zdata/DPAAC/CELE/tabela_PCI_FE_FO_2013.pdf)
Electricity	conversion:1 kWh = 0.0036 GJ
CO₂ Emissions Scope 1	<p>The following formula was used to calculate direct energy consumption (fuel consumption) in GJ: Fuel consumption (l) * PCIX * Density X/1000, using the following conversion factors:</p> <ul style="list-style-type: none"> • PCI diesel (generators) - 43.07 GJ/ • Density of diesel (generators) - 0.837 kg/l • PCI diesel (road) - 42.75 GJ/t • Density of diesel (road) - 0.840 kg/l • PCI petrol (road) - 44.50 GJ/t • Density of petrol (road) - 0.746 kg/l <p>It also takes into account the following emission factors and parameters used to calculate Greenhouse Gases (GHG) emissions:</p> <ul style="list-style-type: none"> • Diesel burning, CO₂ - 74.1 kg CO₂e/GJ • Diesel burning, CH₂ - 0.7 kg CO₂e/TJ • Diesel burning, N₂ - 0.4 kg CO₂e/TJ • Density of diesel - 0.837 kg/l • Diesel PCI - 43.07 GJ/t • Light vehicle, petrol, engine cubic capacity < 1 400 cm³ -0.173 kg CO₂e/km • Light vehicle, petrol, engine cubic capacity ≥ 1 400 and < 2000 cm³ - 0.215 kg CO₂e/km • Light vehicle, diesel, engine cubic capacity < 2 000 cm³ - 0.181 kg CO₂e/km • Light vehicle, diesel, engine cubic capacity ≥ 2 000 cm³ 0.245 kg CO₂e/km • Diesel passenger car (used for HWH travel) - 0.198 kg CO₂e/km • Petrol passenger car (used for HWH travel) - 0.203 kg CO₂e/km

METHODOLOGY NOTES	
	<ul style="list-style-type: none"> LPG passenger car - 0.190 kg CO₂e/km Hybrid car - 0.141 kg CO₂e/km Electric car - 0.030 kg CO₂e/km (consumption - 13.3 kW/100 km)
CO₂ Emissions Scope 2	<p>The following conversion factor was used to convert indirect electricity consumption to GJ: 1 kWh = 0.0036 GJ Electricity consumption was calculated using the following formula: Emission = Consumption X * Emission factor (EF)X It also takes into account the following emission factors and parameters used to calculate GHG emissions:</p> <ul style="list-style-type: none"> Electricity production mainland - market based method - 0.250 kg CO₂e/kWh Electricity production mainland - location based method - 0.228 kg CO₂e/kWh <p>Electricity production Madeira - location and market-based method - 0.534 kg CO₂e/kWh</p>
CO₂ Emissions Scope 3	<p>The calculation includes the emissions resulting from employees' business trips and home/work/home (HWH) trips, using the following formula: Emission = Trip (km) X * EFX It also takes into account the following emission factors and parameters used to calculate GHG emissions:</p> <ul style="list-style-type: none"> Diesel burning, CO₂ - 74.1 kg CO₂e/GJ Diesel burning, CH₂ - 0.7 kg CO₂e/TJ Diesel burning, N₂ - 0.4 kg CO₂e/TJ Density of diesel - 0.837 kg/l Diesel PCI - 43.07 GJ/t Bus - 0.105 kg CO₂e/km; 1.420 kg CO₂e/km and 0.105 kg CO₂e/km Underground - 0.0467 kg CO₂e and km, 0.040 kg CO₂e/km Train - 0.026 kg CO₂e/km and 0.021 kg CO₂e/km Motorcycle (petrol) - 0.125 kg CO₂e/km Motorcycle (electric) - 0.021 kg CO₂e/km Ferry - 0.190 CO₂e/km <p>Plane emission = Trip (Km) X * EFX * Takeoff factor * RFI2 It also takes into account the following emission factors and parameters used to calculate GHG emissions:</p> <ul style="list-style-type: none"> Plane, domestic flight EF CO₂ - 0.17147 kg CO₂e/km Plane, short haul EF CO₂ - 0.09700 kg CO₂e/km Plane, long haul EF CO₂ - 0.11319 kg CO₂e/km Plane, domestic flight EF CH₄ - 0.00006 kg CO₂e/km Plane, short haul EF CH₄ - 0.00001 kg CO₂e/km Plane, long haul EF CH₄ - 0.00001 kg CO₂e/km Plane, domestic flight EF N₂O - 0.00133 kg CO₂e/km Plane, short haul EF N₂O - 0.0008 kg CO₂e/km Plane, long haul EF N₂O - 0.001044 kg CO₂e/km Takeoff factor - 109% <p>It also takes into account the following emission factors and parameters used to calculate GHG emissions from wastewater treatment: 0.0019 kgCH₄/day (8-hour day considered), with the following factors:</p> <ul style="list-style-type: none"> Global Warming Potential (GWP) CO₂ - 1 GWP CH₄ - 28 GWP N₂O - 265
CLIENT INDICATORS	
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 customers very satisfied with the Bank is measured by the % of responses of 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	<p>The Net Promoter Score is calculated based on the recommendation intention, as the difference between the % of promoters and the % of detractors The % of promoters corresponds to the % of responses of 9 to 10 on a scale of 0 to 10 The % of detractors corresponds to the % of responses of 0 to 6 on a scale of 0 to 10</p>

METHODOLOGY NOTES	
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 customers	Number of existing complaints divided by the number of active customers, being considered active customers, customers who used the bank's service in the last 3 months

7.3 Global Reporting Initiative (GRI) Table

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
GENERAL DISCLOSURES						
ORGANISATIONAL PROFILE						
102-1	Name of the organisation	SR - page 85 AR - page 3				
102-2	Main brands, products, and services	SR - pages 15-22, 34-37 AR - pages 37-50 Institutional website, product and corporate				
102-3	Location of headquarters	SR - page 85 AR - pages 43-44				
102-4	Number of countries where the organisation operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	AR - pages 37-45 The 2019 Sustainability Reports covers only the scope of NOVO BANCO in Portugal.				
102-5	Ownership and legal form	AR - Notes to the financial statements - page 7				
102-6	Markets served: - geographic locations where products and services are offered; - sectors served; - types of customers and beneficiaries	AR - page 11 The 2019 Sustainability Reports covers only the scope of NOVO BANCO in Portugal.				
102-7	Scale of the organisation: - total number of employees; - total number of operations; - net sales - total capitalisation broken down in terms of debt and equity; - quantity of products or services provided	SR - pages 6, 15-22, 34-37 AR - pages 7-9 Notes to the financial statements - page 44				
102-8	Total number of employees by employment contract (permanent and temporary), by gender and region	SR - pages 6, 23, 28, 52 AR - page 7	8	6		
102-9	A description of the organisation's supply chain, including its main elements as they relate to the organisation's activities, primary brands, products, and services	SR - pages 8, 37-39				
102-10	Significant changes to the organisation's size, structure, ownership, or supply chain during reporting period	SR - page 59 AR - pages 10, 22-23				
102-11	Precautionary Principle or approach	AR - pages 55-67				
102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses.	SR - pages 10, 11-12, 35, 42				
102-13	A list of the main memberships of industry or other associations, and national or international advocacy organizations	SR - page 10				
STRATEGY						
102-14	A statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy for addressing sustainability.	SR - page 4				
102-15	A description of key impacts, risks, and opportunities	SR - pages 35, 42 AR - pages 57-69				
ETHICS AND INTEGRITY						
102-16	Values, principles, standards, and norms of behaviour.	SR - 45-49	16	10		

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
		AR - 84-91				
102-17	A description of internal and external mechanisms for: seeking advice about ethical and lawful behaviour, and organisational integrity; reporting concerns about unethical or unlawful behaviour, and organisational integrity.	SR - pages 8, 45-49 AR - pages 12-15, 68-96	16	10		
CORPORATE GOVERNANCE						
102-18	Governance structure of the organization, including committees of the highest governance body. Committees responsible for decision making on economic, environmental, and social topics.	SR - page 45 AR - pages 12-15, 72-74 Institutional website				
102-19	Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	SR - pages 8, 47				
102-20	Executive-level responsibility for economic, environmental, and social topics.	Chairman of the Executive Board of Directors SR - page 45 AR - pages 12-13 Institutional website				
102-21	Consulting stakeholders on economic, environmental, and social topics	SR - pages 7-8 Institutional website	16			
102-22	Composition of the highest governance body and its committees	SR - page 45 AR - pages 69-74 Institutional website	5, 16			
102-23	Whether the chair of the highest governance body is also an executive officer in the organisation. If the chair is also an executive officer, describe his or her function within the organisation's management and the reasons for this arrangement	SR - page 45 AR - pages 12-13 Institutional website	16			
102-24	Nomination and selection processes for the highest governance body and its committees and criteria used for nominating and selecting highest governance body members	AR - pages 68-69 Institutional website - NOVO BANCO Articles of Association	5, 16			
102-25	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	SR - page 46 AR - pages 85-86 Institutional website, Conflicts of Interest Policy	16			
102-26	Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics	The CEO based on objectives defined for 2020 (which are monitored through an action plan and the coordination of teams appointed for the implementation of the Social Dividend model) controls this model on a quarterly basis. This model ensures the alignment of sustainability performance across the Bank's various operations, through coordination of the initiatives with the officers appointed in each operation.				
102-27	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics	The sustainability issues are submitted to the Chairman of the Executive Board of Directors whenever justified, and on a quarterly basis in the specific case of the Social Dividend model. The aim of the social dividend model is to allow returning to the employees and the community in general what the Bank develops through its activity. Its quarterly monitoring permits to assess the	4			

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
		environmental and social performance against the objectives set for 2020.				
102-28	Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics	The performance assessment processes, with regard to the identification of risks and opportunities in economic, social and environmental issues, are identified and managed by the Executive Board of Directors, Committees, Departments and subsequently submitted to the highest hierarchical governance body and to the Chairman of the Board of Directors. For more information see AR - pages 70-74				
102-29	Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.	AR - pages 85-86	16			
102-30	Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental, and social topics	AR - pages 55-67, 68-74				
102-31	Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities	The CEO analyses the performance of the Social Dividend model on a quarterly basis; this model that assesses 17 environmental and social indicators.				
102-32	The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	The AR and the Sustainability Report are approved by the Executive Board of Directors and the General and Supervisory Board.				
102-33	Process for communicating critical concerns to the highest governance body.	SR - page 8 AR - pages 55-67, 68-74				
102-34	Total number and nature of critical concerns that were communicated to the highest governance body.	SR - page 48 AR - pages 85-86 Institutional website, supervision committees and Whistle-blowing Policy				
102-35	a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: • Fixed pay and variable pay, including: - performance-based pay, equity-based pay, bonuses, and deferred or vested shares; • Sign-on bonuses or recruitment incentive payments; • Termination payments; • Clawbacks; • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.	SR - pages 27, 46 AR - pages 92-99 Institutional website, Remuneration Policies				
102-36	Process for determining remuneration.	SR - pages 27, 46 AR - pages 92-99 Institutional website, Remuneration Policies				
102-37	Stakeholders' opinions with regard to remuneration are requested and taken into account, including through voting on remuneration policies and proposals, when applicable.	SR - pages 13-21, 23-24, 26, 32-33, 34, 44 AR - pages 92-96 Institutional website, Remuneration Policies	16			

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
102-38	Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	Median annual total compensation for all employees (excluding the highest-paid individual); €33 172.71 CEO total annual remuneration: €357 036.52 Ratio of the CEO annual total compensation to the median annual total compensation for all employees (excluding the highest-paid individual) 10.76				
102-39	Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	The wage increase in 2019, as per the Collective wage agreement, was 0.8%. Change 2018/2019 Average remuneration +0.9% Ratio of the CEO annual total compensation to the median annual total compensation for all employees (excluding the highest-paid individual) – 2.3%				
STAKEHOLDER INVOLVEMENT						
102-40	List of stakeholder groups	SR - page 8				
102-41	Percentage of total employees covered by collective bargaining agreements	SR - page 23	8	3		
102-42	Identifying and selecting stakeholders	SR - pages 7-8				
102-43	Approach to stakeholder engagement	SR - page 8				
102-44	Key topics and concerns raised	SR - pages 7-8				
REPORTING PRACTICE						
102-45	Entities included in the consolidated financial statements	AR - pages 37-50				
102-46	Defining report content and topic boundaries	SR - pages 7-8				
102-47	List of material topics	SR - pages 7-8				
102-48	Restatements of information	The 2019 Sustainability Report details the performance over the last three years for the NOVO BANCO scope, therefore the data presented in this report for 2017 and 2018 concern only NOVO BANCO and were recalculated for this scope.				
102-49	Changes in reporting	The 2019 Sustainability Report details the performance over the last three years for the NOVO BANCO scope, therefore the data presented in this report for 2017 and 2018 concern only the NOVO BANCO scope. For the first time the sustainability report presents the Materiality Matrix.				
102-50	Reporting period	1 January to 31 December 2019				
102-51	Date of most recent report	2018				
102-52	Reporting cycle	Annual				
102-53	Contact point for questions regarding the report	sustentabilidade@novobanco.pt				
102-54	Claims of reporting in accordance with the GRI Standards	"Core option"				
102-55	5 GRI content index	SR - page 62-82				
102-56	A description of the organisation's policy and current practice with regard to seeking external assurance for the report.	SR – pages 58, 83-84				
ECONOMIC INDICATORS						
TOPIC: ECONOMIC PERFORMANCE						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. Will become its Sustainability Strategy based on this matrix, alongside the commitments				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
		assumed and the objectives defined. The bank is also selecting the SDGs that will be aligned to its strategy and medium-term plan.				
103-2	The management approach and its components	The Strategic Plan defined for the 2019-2021 three-year period, on which the management approach has been based, was designed to put in place the necessary conditions for NOVO BANCO to transition from a restructuring bank into a growth bank prepared for the future. To this end, the Bank is defining a new distribution model, streamlining its technological and process infrastructure, rejuvenating and enhancing its human capital, and fine-tuning its risk model, electing as cross-cutting priorities optimisation, digitisation and differentiation.				
103-3	Evaluation of the management approach	NOVO BANCO has over the years promoted several initiatives with economic impacts. The Bank's activity has been steered by the objectives established in the Strategic Plan, translating into the growth of the recurrent credit portfolio, with a reduction in the cost of risk, a significant improvement in commercial banking income, and the continuous reduction of operating costs, despite the strong increase in investment. The Bank monitors the indicators defined for this topic on a monthly basis.				
201-1	Direct economic value generated and distributed	Banking Income: €841.1 million AR - page 36	2, 5, 8, 9			
		Direct economic value generated: €841.1 million AR - page 36				
		General and administrative costs: €171.9 million AR - (individual notes) page 2				
		Staff Costs: €242.1 million AR - (individual notes) page 2				
		Payments to providers of Capital - Shareholders - There was no distribution of dividends				
		Taxes: €2.5 million AR - (individual notes) page 2				
		Community Investments: €0,58 million SR - page 51				
		Economic Value Distributed: €414,6 million				
		Economic Value Retained: €426,5 million				
201-2	Financial implications and other risks and opportunities due to climate change	With regard to climate change, NOVO BANCO offers its clients a number of environmental products, namely the NB 18.31 account, as well as structured products with environmental concerns. It is also concerned with dematerialising client communications and reducing the direct environmental impact of its activity. The Bank has recently signed commitments concerning the decarbonisation of the economy. SR - pages 34-35, 42	13			
201-3	Defined benefit plan obligations and other retirement plans	SR - pages 24-33				
201-4	Financial assistance received from government	AR - page 24, 32				
TOPIC: MARKET PRESENCE						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
		developing its Sustainability Strategy based on this matrix, the commitments assumed and the objectives defined, and is also selecting the SDGs that will be aligned to its strategy and medium-term plan.				
103-2	The management approach and its components	The Strategic Plan defined for the 2019-2021 three-year period, on which the management approach has been based, was designed to put in place the necessary conditions for NOVO BANCO to transition from a restructuring bank into a growth bank prepared for the future. To this end, the Bank is defining a new distribution model, streamlining its technological and process infrastructure, rejuvenating and enhancing its human capital, and fine-tuning its risk model, electing as cross-cutting priorities optimisation, digitisation and differentiation. The Bank develops its activity with a strong focus on the Iberian market.				
103-3	Evaluation of the management approach	NOVO BANCO has over the years promoted several initiatives with economic impacts. The Bank's activity has been steered by the objectives established in the Strategic Plan, translating into the growth of the recurrent credit portfolio, with a reduction in the cost of risk, a significant improvement in commercial banking income, and the continuous reduction of operating costs, despite the strong increase in investment. The Bank monitors the indicators defined for this topic on a monthly basis.				
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, NOVO BANCO pays a minimum salary that is higher than the national minimum wage (the lowest salary paid by NOVO BANCO is 1.46 times higher than the national minimum wage).	5, 7, 8	6		
202-2	Proportion of senior management hired from the local community	The Sustainability Report is restricted to NOVO BANCO and 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. At national level and taking into account senior management - Executive Board of Directors - employees of Portuguese nationality and women employees represent 87.5% and 12.5% of the workforce.	8	6		
TOPIC: INDIRECT ECONOMIC IMPACTS						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Investment in the community as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives with indirect economic impacts.				
103-3	Evaluation of the management approach	The Bank monitors indicators pertaining to this topic and reports the results in its Annual Report, institutional website and Sustainability Report.				
203-1	Infrastructure investments and services supported	SR - pages 15-22, 34-38 AR - pages 37-50	2, 5, 7, 9, 11			

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
203-2	Significant identified indirect economic impacts of the organisation, including positive and negative impacts	SR - page 15-22, 34-38 AR - pages 37-50	1, 2, 3, 8, 10, 17			
TOPIC: PROCUREMENT PRACTICES						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers the Selection of suppliers with environmental, social and ethical criteria as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives in this area, having namely designed a sustainability scoring for the process of registration of suppliers in its Supplier Portal SR - pages 38-39				
103-3	Evaluation of the management approach	The Bank monitors indicators pertaining to this topic and reports the results in its Annual Report, institutional website and Sustainability Report.				
204-1	Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation	NOVO BANCO Group acquires its regular consumption products, such as stationery, equipment and specialised services for mainland Portugal and Islands, from national companies. Around 89% of the expenses refer to national suppliers vs 11% relating to international suppliers.	12			
TOPIC: ANTI-CORRUPTION						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is building its Sustainability Strategy and considers Corporate ethics and ethics in the relationship with stakeholders as a material topic.				
103-2	The management approach and its components	NOVO BANCO 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.				
103-3	Evaluation of the management approach	The Bank 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	NOVO BANCO SR - pages 45-48	16	10		
205-2	Communication and training about anti-corruption policies and procedures	SR - pages 21, 48	16	10		
205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption associated with employees or management bodies of NOVO BANCO came to the attention of the Bank in 2019.	16	10		
TOPIC: ANTI-COMPETITIVE BEHAVIOUR						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Corporate ethics and ethics in the relationship with stakeholders as a material topic. The survey carried out in order to build the materiality matrix included questions to the Bank's peers. The Bank also assumed commitments in terms of Sustainable Financing in partnership with the main financial players, which involved the development of common approaches and not anti-competitive behaviour.				
103-2	The management approach and its components	NOVO BANCO has over the years participated in several initiatives in the area of sustainable financing. In 2019 the Bank signed the "Letter of				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
		Commitment for Sustainable Finance in Portugal", which aims to contribute to the promotion of sustainable investment practices in the country, with the purpose of accelerating the process of transition to a carbon neutral economy by 2050, in full partnership with its peers. The Bank also participates in another two working groups on Sustainable Finance, promoted respectively by the Portuguese Association of Banks and the Portuguese Association of Investment and Pension Funds and Asset Management Firms.				
103-3	Evaluation of the management approach	The Bank monitors indicators pertaining to this topic and reports the results in its Annual Report, institutional website and Sustainability Report. SR - page 35				
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 2019.	16			
ENVIRONMENTAL INDICATORS						
TOPIC: MATERIALS						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Recycling and the Circular Economy as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives aimed at reducing its direct environmental impact, namely through its NB Environment programme, integrated in its Social Dividend model.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report and institutional website.				
301-1	Materials used by weight or volume	SR - pages 39-41, 56-57	8,12	7,8		
301-2	Percentage of recycled input materials used to manufacture the organisation's primary products and services.	NOVO BANCO does not monitor this type of materials.	8,12	8		
301-3	Percentage of reclaimed products and their packaging materials for each product category	The Bank's activity does not allow reclaiming products; therefore, this indicator is not reported.	8,12	8		
TOPIC: ENERGY						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Eco-efficiency in the Bank's branches, buildings and operations as a material topic. Energy, along with paper, is the resource most consumed by the Bank, and as such has deserved special attention.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives aimed at reducing its direct environmental impact, namely through its NB Environment programme, integrated in its Social Dividend model.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report and website.				
302-1	Energy consumption within the organisation	SR - pages 39, 40, 41, 56-57	7, 8,12, 13	7, 8		
302-2	Energy consumption outside of the organisation	NOVO BANCO does not monitor this consumption.	7, 8,12, 13	8		

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
302-3	Energy intensity	SR - pages 39, 40, 41, 56-57	7, 8, 12, 13	8		
302-4	Reduction of energy consumption	SR - pages 39, 40, 41, 56-57	7, 8, 12, 13	8.9		
302-5	Reductions in energy requirements of products and services	SR - pages 39, 40, 41, 56-57	7, 8, 12, 13	8, 9		
TOPIC: WATER						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Eco-efficiency in the Bank's branches, buildings and operations as a material topic.				
103-2	The management approach and its components	Given the scarcity of this resource, NOVO BANCO has over the years promoted several initiatives aimed at reducing its direct environmental impact in terms of water consumption.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report and website.				
303-1	Water withdrawal by source	SR - pages 42, 57	6	7, 8		
303-2	Water sources significantly affected by withdrawal of water	NOVO BANCO's operations are located in urban or urbanised areas, with all water consumed coming from the public supply system. Therefore, any impacts associated with water management upstream of its activity are outside NOVO BANCO's sphere of influence.			8	
303-3	Water recycled and reused	NOVO BANCO has no systems for water recycling and reuse.			6, 8, 12	8
TOPIC: BIODIVERSITY						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers climate change as a material topic. Climate change affects biodiversity, however, this topic is not included in the indicators monitored.				
103-2	The management approach and its components	Non applicable				
103-3	Evaluation of the management approach	Non applicable				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NOVO BANCO's operations are located in urban or urbanised areas, therefore any environmental impacts directly linked to its activity are naturally limited.			6, 14, 15	8
304-2	Significant impacts of activities, products, and services on biodiversity	NOVO BANCO's operations are located in urban or urbanised areas, therefore any environmental impacts directly linked to its activity are naturally limited.			6, 14, 15	8
304-3	Habitats protected or restored	NOVO BANCO's operations are located in urban or urbanised areas, therefore any environmental impacts directly linked to its activity are naturally limited.			6, 14, 15	8
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	NOVO BANCO's operations are located in urban or urbanised areas, therefore any environmental impacts directly linked to its activity are naturally limited.			6, 14, 15	8
TOPIC: EMISSIONS						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
		developing its Sustainability Strategy and considers Eco-efficiency in the Bank's branches, buildings and operations as a material topic. The Bank makes an annual inventory of its CO ₂ emissions.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives aimed at reducing its direct environmental impact, namely through its NB Environment programme, integrated in its Social Dividend model. NOVO BANCO measures and monitors the CO ₂ indicators. In 2019, within the scope of its commitment to reduce CO ₂ emissions, the Bank signed the 'Business Ambition for 1.5°C' letter, a document recently issued by the United Nations Global Compact. With this signature, the Bank assumes its commitment to preserve the planet and contribute to limit the temperature increase to 1.5°C by 2050, and undertakes to submit a scientific project to reduce the CO ₂ emissions resulting from its activity.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report and website.				
305-1	Direct (Scope 1) GHG emissions	SR - pages 41, 57	3,12, 13,14, 15	7, 8		
305-2	Energy indirect (Scope 2) GHG emissions	SR - pages 41, 57	3,12, 13,14, 15	7, 8		
305-3	Energy indirect (Scope 3) GHG emissions	SR - pages 41, 57	3,12, 13,14, 15	7, 8		
305-4	GHG emissions intensity	SR - pages 41, 57	13, 14, 15	8		
305-5	Reduction of GHG emissions	SR - pages 41, 57	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, NOVO BANCO had been gradually replacing equipment that emit ozone-depleting gases, when such exist.	3.12	7, 8		
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	SOx and NOx emissions linked to NOVO BANCO's activity result from combustion associated with transportation, emergency generators and boilers. However, due to the reduced expression of these activities within the Bank's typical activity, these emissions are immaterial and therefore are not accounted for.	3, 12, 14, 15	7, 8		
TOPIC: EFFLUENTS AND WASTE						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Recycling and the Circular Economy as a material topic.				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives aimed at reducing its direct environmental impact, namely through its NB Environment programme, integrated in its Social Dividend model.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
306-1	Water discharge by quality and destination	NOVO BANCO has implemented no regular monitoring processes for effluents produced at its facilities. Discharge is classified as a typical domestic discharge, taking into account that all the Bank's facilities are in urban areas with basic sanitation infrastructures.	3, 6, 12, 14	8		
306-2	Waste by type and disposal method	NOVO BANCO monitors only the disposal method for the most frequent types of waste produced, namely paper, cardboard and consumables, however it does not yet have a data systematisation system allowing it to collect data and report on the total waste produced by type and disposal method.	3, 6, 12	8		
306-3	Significant spills	Not applicable to the activity of NOVO BANCO.	3,6,12,14,15	8		
306-4	Hazardous waste transported. Hazardous waste imported. Hazardous waste exported. Hazardous waste treated. Percentage of hazardous waste shipped internationally.	Not applicable to the activity of NOVO BANCO.	3.12	8		
306-5	Water bodies affected by water discharges and/or runoff	NOVO BANCO's operations are located in urban or urbanised areas, therefore any environmental impacts directly linked to its activity are naturally limited.	6, 14, 15	8		
TOPIC: ENVIRONMENTAL COMPLIANCE						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Corporate ethics and ethics in the relationship with stakeholders as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives aimed at reducing its direct environmental impact, namely through its NB Environment programme, integrated in its Social Dividend model.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
307-1	Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations	In 2019 there were no instances of non-compliance with environmental laws and/or regulations, nor were any fines paid in connection therewith.	16	8		
TOPIC: SUPPLIERS ENVIRONMENTAL ASSESSMENT						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers the Selection of suppliers with environmental, social and ethical criteria as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives to ensure a judicious selection of its suppliers, based on the information provided. The Bank calculates the suppliers' 'sustainability scoring', which takes into account environmental, ethical, labour, hygiene and safety in the workplace aspects of its suppliers.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
308-1	New suppliers that were screened using environmental criteria	SR - pages 34, 38		8		
308-2	Negative environmental impacts in the supply chain and actions taken	SR - page 38		8		
SOCIAL INDICATORS						
TOPIC: EMPLOYMENT						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Attracting and developing talent as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives concerning the development of programmes that ensure human capital management focused on talent acquisition and retention, the rejuvenation of teams and the unlocking of the potential of the more experienced employees, using methodologies and programmes aimed at individual development, a balance between professional and personal life, and the creation of a circle of knowledge and sharing.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
401-1	Total number and rate of new employee hires during the reporting period, by age group, gender and region.	SR - page 23, 53	5, 8	6		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	NOVO BANCO does not usually hire part-time employees, or only on an exceptional basis. In this context, benefits are granted under equal circumstances to all the Bank's employees and subsidies are attributed based on the employee's income. Trainees and temporary workers are not entitled to these benefits. SR - pages 29-33	8			
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 - pages 55	8	6	Retention rates non-reported	
TOPIC: LABOUR/MANAGEMENT RELATIONS						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Attracting and developing talent as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives concerning the development of programmes that ensure human capital management focused on talent acquisition and retention, the rejuvenation of teams and the unlocking of the potential of the more experienced employees, using methodologies and programmes aimed at individual development, a balance between professional and personal life, and the creation of a circle of knowledge and sharing.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
402-1	Minimum notice periods regarding operational changes and whether the notice period and provisions for consultation and negotiation are specified in collective agreements	NOVO BANCO 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	5	3		

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
		Agreement, which stipulates that workplace transfers are subject to an advice notice of at least 30 days.				
TOPIC: OCCUPATIONAL HEALTH AND SAFETY						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Health, safety in the work place and a balance between personal and professional life as a material topic. The physical, psychological and social well-being of its employees is essential for the Bank, which to this end has in place a health and well-being policy based on five lines of action.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives. The physical, psychological and social well-being of its employees is essential for the Bank, which to this end has in place a health and well-being policy based on five lines of action: 1. Communicate and raise awareness; 2. Diagnose and prevent; 3. Dynamise and promote; 4. Offer and provide; 5. Reconcile and flexibilise: practices for a balance between professional, personal and family life.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
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.	NOVO BANCO has no formal safety commissions, 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. NOVO BANCO 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 - pages 55-56	8			
403-3	Workers with high incidence or high risk of diseases related to their occupation	NOVO BANCO is not aware of a high incidence or high risk of diseases related to their occupation amongst its employees.	8			
403-4	Health and safety topics covered in formal agreements with trade unions	NOVO BANCO 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 - pages 32-33	8			
TOPIC: TRAINING AND EDUCATION						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Attracting and developing talent as a material topic. The Bank consistently invests in the				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
		design and implementation of distinctive and motivating training, enabling the improvement of performances, and the development and evolution of its employees.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives, namely developing programmes that ensure human capital management focused on talent attraction and retention.				
103-3	Evaluation of the management approach	NOVO BANCO 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 25-26, 48	4, 5, 8	6		
404-2	Programmes for upgrading employee skills and transition assistance programmes	SR - pages 21, 24-26, 48	8			
404-3	Percentage of employees receiving regular performance and career development reviews	NOVO BANCO's Performance Management Model, based on the continuous management of employee performance and development, is integrated in the Employee Portal, called "My Portal". The Performance Management Process covers all employees and includes a personal development programme where each employee can define his or her objectives in terms of continuing improvement in the performance of their functions. At the closing date of this report the 2019 performance assessment had not been concluded.	5, 8	6		
TOPIC: DIVERSITY AND EQUAL OPPORTUNITIES						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Gender diversity and gender equality as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives within its NB Equal Gender programme, which monitors three indicators and aims to develop a fair and gender-equal model, having for the purpose defined specific objectives for 2020.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and annually reports the results in its website and Sustainability Report.				
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).	SR - pages 27-29, 48, 52-54 AR - pages 13, 68-85	5, 8	6		
405-2	Ratio of basic salary and remuneration of women to men for each employee category	Management: 95.8% /89.4% • Heads of department: 98.1% /90.7% • Technical staff: 94.5% /89.0% • Administrative: 92.2% /82.2% • Total: 95.3% / 86.8%	5, 8, 10	6		
TOPIC: NON-DISCRIMINATION						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Human Rights as a material topic.				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives aimed at reducing negative impacts of non-discriminations, namely through its NB Equal Gender programme, integrated in its Social Dividend model.				
103-3	Evaluation of the management approach	NOVO BANCO has over the years promoted several initiatives within its NB Equal Gender programme, which monitors three indicators and aims to develop a fair and gender-equal model, having for the purpose defined specific objectives for 2020.				
406-1	Total number of incidents of discrimination and corrective actions taken	In 2019 no incidents or lawsuits came to the attention of NOVO BANCO concerning discrimination on grounds of race, colour, gender, religion, public opinion or social class.	5, 8, 16	6		
TOPIC: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING						
103-1	Explanation of the material topic and its Boundary	At NOVO BANCO, the majority of the employees is covered by collective bargaining agreements and perform their activity in accordance with the obligations established therein.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several equality and non-discrimination initiatives, meeting frequently with the Workers' Commission and several Unions.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	In 2019, NOVO BANCO was not aware of any instances of non-compliance with laws and regulations for breaches of the right to freedom of association and collective bargaining, or the payment of fines in connection thereof, within its value chain.		3		
TOPIC: CHILD LABOUR						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Human Rights as a material topic.				
103-2	The management approach and its components	NOVO BANCO only employs adults (in accordance with the labour legislation). The Bank assumes unconditional respect for the United Nations Declaration of Human Rights and the requirements of the International Labour Organisation. NOVO BANCO's Human Rights Policy reflects its endorsement 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 to the Bank's workforce.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
408-1	Operations and suppliers at significant risk for incidents of child labour	During 2019 no instances came to the attention of NOVO BANCO concerning operations and suppliers at significant risk for incidents of child labour.	8, 16	5		
TOPIC: FORCED OR COMPULSORY LABOUR						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Human Rights as a material topic.				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
103-2	The management approach and its components	NOVO BANCO 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).				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	During 2019 no instances came to the attention of NOVO BANCO concerning operations and suppliers at significant risk for incidents of forced or compulsory labour.	8	4		
TOPIC: SECURITY PRACTICES						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Human Rights as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives in this area for compliance with the legislation in force.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
410-1	Security personnel trained in human rights policies or procedures	In 2019 NOVO BANCO did not provide training in human rights policies or procedures to its security personnel.	16	1		
TOPIC: RIGHTS OF INDIGENOUS PEOPLES						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Human Rights as a material topic.				
103-2	The management approach and its components	NOVO BANCO does not promote initiatives in this regard as its activity is developed in urban or urbanised areas.				
103-3	Evaluation of the management approach	Not applicable				
411-1	Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period and remediation action taken	NOVO BANCO'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						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Human Rights as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives aimed at reducing its direct NOVO BANCO has promoted over the years several initiatives that aim to reduce the negative impact on issues related to Human Rights, namely through its NB Equal Gender programme, integrated in its Social Dividend model. The development of a culture of respect for human beings is part of NOVO BANCO's standards of excellence: respect for employees, respect in the manner we deal with clients, suppliers and other stakeholders, respect in the relationships established with the communities				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
		in the locations where the Bank operates. The Bank has a Human Rights policy that can be consulted on its website.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
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	In 2019 NOVO BANCO did not provide training on this topic.		1		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All NOVO BANCO 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. The Bank visits all its material suppliers to check their supply capabilities and their compliance with the requirements of the Principles for Suppliers. In 2019 the Group found no instance of non-compliance with these principles by its material Suppliers, namely through its visits to their facilities. Should any cases of violation of human rights occur, NOVO BANCO 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						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Investment in the community as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives under its Corporate Social Responsibility programme, which aims to help 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. These pillars are an integral part of the NB Social Responsibility programme, included within the Bank's Social Dividend Model.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report and institutional website.				
413-1	Operations with local community engagement, impact assessments, and development programmes	SR - pages 49-51		1		
413-2	Operations with significant actual and potential negative impacts on local communities	NOVO BANCO is not aware of any operations having negative impacts on local communities.	1, 2	1		
TOPIC: SUPPLIERS SOCIAL ASSESSMENT						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers the Selection of suppliers with environmental, social and ethical criteria as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives addressing its value chain, namely endorsing the Principles of Relationship with				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
		Suppliers, and calculating the “sustainability scoring”, which takes into account environmental, ethical, labour, hygiene and safety in the workplace aspects of its suppliers.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report and website.				
414-1	New suppliers that were screened using social criteria	SR - pages 38-39	5, 16	2		
414-2	Negative social impacts in the supply chain and actions taken	In 2019 NOVO BANCO was not aware of any impacts at this level.	5, 16	2		
TOPIC: PUBLIC POLICY						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Corporate ethics and ethics in the relationship with stakeholders as a material topic.				
103-2	The management approach and its components	NOVO BANCO manages its activity in full compliance with the legislation in force.				
103-3	Evaluation of the management approach	NOVO BANCO 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 NOVO BANCO complies with these provisions.	16	10		
TOPIC: CUSTOMER HEALTH AND SAFETY						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Security of the financial assets, and physical and digital security of the client as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives across all client security activities, namely with respect to the clients' physical security, the security of transactions, and the safeguard of the personal data of clients and other data subjects.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
416-1	Assessment of the health and safety impacts of product and service categories	The Bank's facilities comply with all existing rules for secure and private customer service. NOVO BANCO conducts its relationship with clients in accordance with the new General Data Protection Regulation, guaranteeing privacy and security in the treatment of customer data. 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 2019, the National Data Protection Commission (NDPC) reported a complaint by a data subject, alleging a breach of the privacy of personal data, NOVO BANCO having replied to the NDPC within the legal deadline. In 2019, there were no sanctions and/or fines imposed on NOVO BANCO related to the General Data Protection Regulation (NDPC).	16			
TOPIC: LABELLING OF PRODUCTS AND SERVICES						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Customer satisfaction and service quality, and financial products and services as a material topic.				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives aimed at providing clear and transparent information about its products and services to its clients. The communication products are subject to prior approval by the competent supervision authority.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
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.	NOVO BANCO 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			
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 2019 no incidents of non-compliance with voluntary procedures and voluntary codes concerning product and service information or labelling of NOVO BANCO 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 2019 no incidents of non-compliance with voluntary procedures and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by NOVO BANCO were identified.				
TOPIC: CUSTOMER PRIVACY						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is building its Sustainability Strategy and considers Security of the financial assets, and physical and digital security of the client as a material topic.				
103-2	The management approach and its components	NOVO BANCO has over the years promoted several initiatives to ensure it performs its activity in accordance with best market practices and the legal and regulatory requirements. The Bank ensures the confidentiality, integrity and availability of the information.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
418-1	Total number of substantiated complaints received concerning breaches of customer privacy	In 2019, the National Data Protection Commission (NDPC) reported a complaint by a data subject, alleging a breach of the privacy of personal data, NOVO BANCO having replied to the NDPC within the legal deadline. In 2019, there were no sanctions and/or fines imposed on NOVO BANCO related to the General Data Protection Regulation (NDPC).	12			
TOPIC: SOCIOECONOMIC COMPLIANCE						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Corporate ethics and ethics in the relationship with stakeholders as a material topic.				
103-2	The management approach and its components	NOVO BANCO's work 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.				

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
419-1	Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area	The Bank is not aware of any sanction for non-compliance with laws or regulations in the social and economic area having been applied in 2019.	16			
FINANCIAL SUPPLEMENT INDICATORS						
TOPIC: PORTFOLIO OF PRODUCTS						
103-1	Explanation of the material topic and its Boundary	NOVO BANCO's materiality matrix, which contains the sustainability topics, results from the dialogue with the stakeholders. NOVO BANCO is developing its Sustainability Strategy and considers Customer Satisfaction and Service Quality, as well as Financial products with social and environmental concerns as material topics.				
103-2	The management approach and its components	NOVO BANCO has been enhancing its customer experience monitoring model with a view to offering the best experience to its clients. Knowing the clients' expectations throughout their life cycle permits to identify opportunities for improvement, using a robust model for monitoring the customer experience based on several action pillars. The Bank has also reinforced its offering and services based on environmental criteria.				
103-3	Evaluation of the management approach	NOVO BANCO monitors indicators pertaining to this topic and reports the results in its Sustainability Report.				
Management Approach	Policies with specific environmental and social components applied to business lines.	SR - pages 34-37	10			
	Procedures for assessing and screening environmental and social risks in business lines.	SR - pages 34-37	10			
	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	NOVO BANCO 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.				
	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	NOVO BANCO 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 - page 8	10			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	SR - page 6 AR - 37-43	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 37	1, 8, 9, 10, 11			
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	SR - pages 34-37				
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. NOVO BANCO annually assesses the practices implemented and the quantitative data through an external independent verification of its AR and Sustainability Report.	10			

		Chapter and page of Report	SDG	GC Principles	Omissions	Scope
TOPIC: ACTIVE OWNERSHIP						
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 7-8, 23	10			
FS11	Percentage of assets subject to positive and negative environmental or social screening	Not applicable	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	NOVO BANCO'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.				
TOPIC: LOCAL COMMUNITIES						
FS13	Access points in low-populated or economically disadvantaged areas by type	SR - page 6 Despite the downsizing carried out, NOVO BANCO still has a large network of branches across the country. NOVO BANCO has been investing in the digitisation of its services, which has permitted greater coverage and easier contact with its clients, wherever they are.	1, 10			
FS14	Initiatives to improve access to financial services for disadvantaged people	NOVO BANCO's branch network is equipped with access ramps and lifting platforms. It also provides lowered ATMs with Braille keyboards. This 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 NOVO BANCO's branches and services.	1, 10			
TOPIC: LABELLING OF PRODUCTS AND SERVICES						
FS15	Policies for the fair design and sale of financial products and services	All the financial products and services are designed in compliance with the legal requirements, the regulators' guidelines and the policies of the institution. NOVO BANCO regularly reports to its regulators proof of its respect for and compliance with politics and rules of conduct, externally and internally. The internal and external audits to the Bank's procedures verify whether its procedures comply with the requirements issued by the Bank of Portugal and the Portuguese Insurance Institute.	10			
FS16	Initiatives to enhance financial literacy by type of beneficiary	SR - pages 50-51	1, 8, 10			

Colours explanation:

	NOVO BANCO
	NOVO BANCO Group

7.4 Independent Limited Assurance Report



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(Free translation from the Original Independent Limited Assurance Report in Portuguese. In case of any discrepancy, the Portuguese version always prevails)

Independent Limited Assurance Report of the Sustainability Report

To the Board of Directors of
Novo Banco, S.A.

Introduction

1. We were contracted by the Board of Directors of Novo Banco, S.A. to proceed with the independent review of the "Sustainability Report 2019", hereinafter the "Sustainability Report"), relating to the sustainability performance from 1 January to 31 December 2019.

Responsibilities

2. The Board of Directors is responsible for preparing the "Sustainability Report" and to maintain an appropriate internal control system that allows the information presented to be free of material misstatements due to fraud or error.
3. It is our responsibility to issue a limited assurance report, professional and independent, based on the procedures performed and described in the "Scope" section below.

Scope

4. Our review procedures have been planned and executed in accordance with the International Standard on Assurance Engagements (ISAE 3000, Revised) - "Assurance engagements other than Audits and Reviews of Historical Financial Information", for a limited level of assurance.
5. The procedures performed in a limited assurance engagement vary in timing and nature from, and are less in extent than for, a reasonable assurance engagement, therefore, the assurance provided by these procedures is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our independent review procedures comprised the following:
 - ▶ Conducting interviews with Management, in order to understand how the information system is structured and assess their level of knowledge of the topics addressed in the report;
 - ▶ Review of the processes, criteria and systems adopted to collect, consolidate, report and validate the data for the year 2019;
 - ▶ Review, on a sample basis, of the data calculated by Management, and of quantitative and qualitative information disclosed in the report;
 - ▶ Confirmation on how collection, consolidation, validation and report procedures are being implemented in selected operating units;
 - ▶ Verification of the conformity of the information included in the "Sustainability Report" with the results of our work.
6. Regarding sustainability reporting standards of the Global Reporting Initiative - GRI Standards 2016, we performed a review of the self-evaluation made by Management of the adopted option to apply the GRI Standards 2016 and conformity with Article 508-G of the Portuguese Companies Act (Código das Sociedades Comerciais) (disclose of non-financial information).

Quality and independence

7. Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and regulatory provisions applicable and we comply with the independence and ethical requirements of the international Ethics Standards Board for Accountants (ESBA) Code of Ethics and the Code of Ethics of the Order of Chartered Accountants (OROC).

Conclusion

8. Based on our work, nothing has come to our attention that causes us to believe that the systems and procedures for the collection, consolidation, validation and reporting of the "Sustainability Report" are not operating appropriately and the information disclosed is not free from relevant material misstatements. Additionally, nothing has come to our attention that causes us to believe that the "Sustainability Report" do not include all the required data and information as defined by the Article 508-G of the Portuguese Companies Act.

Lisboa, March 26, 2020

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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Sustainability Report

NOVO BANCO, S.A.

Av. da Liberdade, n.º 195, 1250-142 Lisbon, Portugal

Share Capital: 5 900 000 000.00 euro

Registered at Lisbon Commercial Registry under the single
registration and tax identification number no. 513 204 016