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# Anti-Bribery & Corruption Group Policy

## 1. Purpose

Bank of Cyprus Group (“the Group”) conducts its business fairly with honesty and transparency and this must be reflected in every aspect of our business affairs. Senior Management is committed to ensure adherence to legal and ethical standards. It is essential that the actions and conduct of Group Directors, Managers and employees as well as others acting on the Group’s behalf to maintain these standards. To that end, members of the Board, Senior Management, group personnel, including agents, consultants and contractors as well as suppliers and any other form of associates involved with the Group business activities must be familiar and comply with this Anti - Bribery and Corruption Policy (this Policy) and comply with it.

Bribery, and other forms of Corruption, are a criminal offence in most countries and Bribery acts expose the Group and its employees to the risk of prosecution, fines and imprisonment, as well as endangering the Group’s reputation. Business relationships rely on trust. Bribery and Corruption abuse that trust, and goods and services are not procured in a clear, ethical or transparent way. For this reason, the Group and its employees should never accept or pay bribes, including facilitation payments, or make, offer or promise to make, or authorize the payment or giving of any bribe, rebate, payoff, influence payment, facilitation payment, kickback or other unlawful payment or gift of money or anything of value prohibited under any applicable law or regulation. The Group values its reputation for ethical behavior and for financial integrity and reliability. It recognizes that over and above the commission of any crime, any involvement in Bribery will also reflect adversely on its image and reputation. Even the suggestion of Corruption may damage the Group’s reputation and may also bring the personal integrity of individuals into question.

This Policy has been adopted by the Board of Directors and is communicated to everyone involved to ensure their commitment to it. The Board of Directors applies a **"zero tolerance"** approach to acts of Bribery and Corruption by any of our employees or any business partners.

The Group’s culture promotes doing business with integrity - encouraging the right behavior, discouraging the wrong behavior and protecting those reporting wrong behavior.

Any breach of this Policy will be regarded as a serious offence by the Group and it will result in disciplinary action. The Group has procedures in place which enable it to take disciplinary action against personnel who violate this Policy.

The Group encourages all employees to report any suspicious activity that may violate this Policy. A confidential and discrete way to report any violations or suspicious activity is in place.

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## 2. Sectors Affected

All entities of the Group must, as a minimum, meet the requirements of this Policy. In any country where the requirements of applicable legislation, directives or practices establish a higher standard, the corresponding entities must meet those standards.

Senior Management and Board Members file an annual declaration confirming their compliance with the Anti- Bribery and Corruption Group Policy.

## 3. Policy

The following rules and principles are particularly relevant to Bribery and Corruption issues and should be adhered by the Group:

- Principle 1: Conduct our business with integrity.
- Principle 2: Conduct our business with due skill, care and diligence.
- Principle 3: Take reasonable care to organize and control our affairs responsibly and effectively, with adequate risk management systems.

The Group is committed to prohibit the offering, promising, giving, accepting or soliciting of an advantage (monetary or not) as an inducement for an action which is illegal or which is a breach of trust or for performing functions or activities improperly constituting Improper Performance or the rewarding of persons for already performing their activities improperly. In this framework the following principles should be applied:

### General Principles

- Senior Management:** The Group Senior Management is committed to maintain a culture in which Bribery is never acceptable and intends that its zero tolerance Policy is clearly communicated to all employees and all relevant third parties. Senior Management needs to engender a truly transparent and ethical compliance culture that encourages accountability and detects and discourages any form of Bribery.
- Charitable Contributions and Sponsorships:** Sponsorships and Charitable contributions should be according to the Group's Policy for Donations, Sponsorships and Partnerships Policy. Charitable Contributions and Sponsorships are not to be used as cover for Bribery.
- Political Activities & Contributions:** Funds, property or facilities of the Group must not be used to provide support for, or contribute to, any political organization or political candidate.
- PEPs:** All prospective relationships and transactions with PEPS must be approved by Senior Management as per Group Customer Acceptance policy.
- Fees for Business Services:** Fees for business services (e.g. business associates and agents, business introducers etc.), forming part of an official fee structure, is not considered a bribe. Facilitation payments to third parties under certain circumstances when the purpose of the payment is to induce officials to perform routine functions, they are otherwise obligated to perform can be considered bribes. In relation to MiFID the Group currently prohibits the payment and/or acceptance and retaining of fees, commissions or any monetary or non-monetary benefits to or from persons other than the client unless they are designed to enhance



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- the quality of service to the client, do not impair compliance with Group's duty to act honestly, fairly and professionally, in accordance with the best interests of the client and the payment or benefit is disclosed to the client.
- vi. **Public Officials:** Government and public official interactions require heightened care, diligence and transparency and a need for appropriate disclosures and prior approvals.
  - vii. **Payments & Financial Controls:** Group's expenses and payments procedures and authorization processes require a clear understanding of why payments are made and to whom. We have similar expectations from our third parties. All books and records must be kept and falsifying records to conceal a bribe is a criminal offense.
  - viii. **Human Resources:** All human resources practices including recruitment, training, performance evaluation and recognition reflect the Group's commitment to this Policy. Personnel will not suffer retaliation, discrimination or disciplinary action for (a) refusing to participate in any activity that they reasonably believe that it may entail a risk of Bribery and (b) raising concerns or reports for actual or suspected Bribery violation.
  - ix. **New Business /Mergers & Acquisitions:** A new business/expansion/acquisition should incorporate extensive Anti-Bribery and Corruption considerations.
  - x. **Code of Conduct & Code of Ethics:** The codes should encourage employee loyalty, accountability, honesty and integrity, good faith and confidentiality.
  - xi. **Personal Conflict of Interest:** Any personal Conflict of Interest or perceived Conflicts should be properly disclosed and managed as per relevant Policy.
  - xii. **Remuneration:** Performance bonuses, performance targets and other incentivizing elements of remuneration are reviewed periodically to verify that there are reasonable safeguards in place to prevent them from encouraging Bribery and avoid non-compliance with Mifid rules (e.g. setting sale targets that may incentivize staff members to recommend a particular option or financial instrument to clients when something else might suit them better or putting staff under pressure to meet branch targets, otherwise they will be penalized through their annual appraisal or career progression is prohibited).
  - xiii. **Gifts & Hospitality:** Payments and hospitality promised or offered to/from a customer, vendor, business partners and associates or any third parties for any projects are not generally allowed unless they fall within reasonable bounds of value and occurrence and are recorded in the gift registry maintained through the Compliance management System (OneSumX) (reference in the Code of Conduct) and cannot be perceived to affect the outcome of a business transaction. Paying excessive travel and entertainment expenses on behalf of the Group to obtain and/or maintain business may be interpreted as Bribery. The following questions can assist in accepting/rejecting a gift. The recipient of the gift should examine whether the gift:
    - 1. Is reasonable and proportionate.
    - 2. It relates to legitimate business purpose.
    - 3. Is in compliance with local laws and internal policies.
    - 4. Does not create a COI or appearance of one.
    - 5. Does not create reputational risk.
    - 6. Is accurately recorded.
    - 7. Appropriate line approval has been obtained.

## Processes & Internal Controls

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Steps are taken to assist in the assessment, prevention, detection and management of Bribery risk. These include:

- Apply thresholds for approval levels and implement policies and processes.
- Raise awareness/provide trainings.
- Perform annual risk assessments.
- Implement tools and controls, including reimbursement system controls,
- Follow disciplinary process for any breach of the provisions of this Policy and the Code of Conduct and Code of Ethics.
- Apply fraud prevention tools/systems and Key fraud indicators.
- Improve controls can be improved by advanced analytics.

i) **Risk Assessment**

The Group assesses the nature and extent of its exposure to potential external and internal risks of Bribery and Corruption by persons associated with it through RCSAs, CRAM workshops, fraud risk assessments, internal / external audit reviews, investigation of customer complaints, incidents etc. The risk assessment should be fully documented and updated on a periodic basis to reflect the risks and risk appetite of the Group. Devoting skilled resources and expertise to this task is essential. The assessment may form part of a general risk assessment or specialized only in relation to Bribery and Corruption with Senior Management overseeing it.

ii) **Due Diligence**

The Group applies due diligence procedures taking a proportionate and risk-based approach, in respect of persons who perform or will perform services on its behalf.

The Group will maintain adequate procedures to:

- Carry out due diligence checks before appointing new employees or agents.
- Sourcing procurement and vendor management processes for the purchase of goods and services aiming to maximize the value of expenditure on products and services, always within a fair, lawful and ethical framework.
- Scrutinize expense claims.
- Ensure that any corporate hospitality given or accepted is proportionate and reasonable.
- Avoid dealing with contractors and suppliers known or reasonably suspected to be paying bribes or being involved in corrupt activities. Additionally, the Group should have process in place to obtain assurance from business associates prior to the commencement of their relationship that they have in place Anti-Bribery controls which manage the relevant Bribery risk.
- Perform strict due diligence on associated persons/third parties in order to (a) identify the associated person and validate their credentials and background and (b) confirm the suitability of their specific skills and experience for the role they will be performing.
- Ensure that contracts of employment reflect the provisions of this Policy and make clear that disciplinary proceedings, including proceedings leading to dismissal for gross misconduct, will result if an employee is engaged to Bribery or Corruption.

**iii) Communication**

- The Group establishes effective internal and external communication in relation to Bribery and Corruption. We conduct business in a transparent, accountable and fair manner and these principles should be reflected via all relevant communication channels (external e.g. website, agreements/contracts etc. and internal e.g. codes, procedures etc.)
- A clear message is given from the Board of Directors and Senior Management that BOC operates a Policy of zero tolerance to Bribery and Corruption.
- The Group ensures that this Policy and the procedures for preventing Bribery and Corruption are communicated effectively to the staff and to those performing services (e.g. outsourcing contracts should include clauses on anti-Bribery issues) for the Group.
- The prevention, detection and reporting of Bribery is a personal responsibility of each and every employee of the Group and this is stated in the terms of employment and other suitable channels of communication.
- Non- financial statements of the Group include information relating to environmental, social and employee matters, respect for human rights, anti-bribery and corruption issues.

**iv) Accounting & Record Keeping**

- The Group maintains available for inspection accurate books and records that properly and fairly document all financial transactions.
- The accounting and record keeping practices are regularly reviewed to provide assurance on their design and effectiveness.

**v) Training**

Staff receives adequate training on Anti-Bribery and Corruption issues, policies and procedures. These include:

- Providing good quality, standard training on Anti-Bribery and Corruption for all staff.
- Providing additional Anti-Bribery and Corruption training for staff in high risk positions.
- Providing Anti-Bribery training during induction courses.

**vi) Reporting**

The Group sets out procedures to encourage the reporting of any suspicion of Bribery and Corruption, as well as ensuring that appropriate procedures are in place to process sensitive information, investigate accordingly and implement any control enhancements.

Any request for an improper payment or any indication that a person might be making corrupt payments or that a person has an intention or intends to violate this Policy, should be reported immediately. Reporting by personnel should be made through their manager or, directly to Internal Audit or Compliance. If a person suspects fraud and wants to report it anonymously, this can be done through the Whistleblowing Line which is available to all members of staff.

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If it comes at anybody's attention/knowledge that anyone is involved in Bribery, this must be reported immediately. It doesn't matter whether the person involved is a colleague, customer or supplier.

Non-compliance issues will be assessed accordingly, and relevant measures/process should be in place to take into account also the impact on the capital adequacy and liquidity of the Group.

vii) **Monitoring and review**

The Group monitors, and reviews procedures designed to prevent Bribery & Corruption and makes improvements where necessary.

viii) **Procedure & Policies**

Overall, the Group has implemented proportionate procedures to ensure adherence to the above principles. Such should include detailed written policies & procedures for:

- Charitable Contributions & donations.
- Code of Conduct (Bribery).
- Whistle-blowing procedure/Policy.
- Recruitment processes.
- Remuneration policies
- Group Outsourcing policy.
- Procurement policies.
- Fraud Management Policy.
- New Products Services policy.
- Conflict of Interest Policy.
- Mifid II Conflict of Interest Policy

## **4. Definitions**

### **Key Definitions**

1. **Bribery:** Refers to the offering, giving, soliciting, or receiving of any item of value (i.e. gift, money, loan, fee, reward or privilege, discounts, travel etc.) as a means of influencing the actions of an individual holding a public or legal duty. This type of action results in matters which instead of being ~~that should have been~~ handled objectively ~~but instead~~ are being handled in a manner best suiting the private interests of the decision maker.
2. **Being bribed:** It is an offence to request, agree to receive or accept a financial or other advantage with the intention that, consequently, a relevant function or activity is performed improperly constituting Improper Performance.
3. **Improper Performance:** When a person a) acts contrary to good faith (e.g. breach of legal or contractual requirement (e.g. favour one bidder over another in a procurement decision) or b) take advantage of a position of trust (e.g. divulge confidential information).

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4. **Corruption:** The abuse of entrusted power for private gain. Corruption can be classified in three ways depending on the amounts of money lost and the sector where it occurs i.e grand, political, petty.
  5. **Facilitation Payments:** A facilitation payment is a small sum of money paid to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement.

## **5. Roles & Responsibilities**

All responsibilities should be clearly assigned, explained and monitored (please refer to Appendix 1).

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**RESPONSIBILITIES IN RELATION TO ANTI- BRIBERY AND CORRUPTION**

Board of Directors	<p>The Board of Directors is responsible to oversee the Group`s compliance with this Policy.</p> <p>An integral element is to set out "The tone from the top". This can be done in writing and should set clear behavioral expectations and standards.</p>
CEO	<p>The CEO has the final responsibility to implement and ensure adherence to this Policy throughout the Group, and the imposition of remedial action.</p>
Line Directors	<p>The Line Directors have the ultimate responsibility and accountability for adherence to this Policy within their Divisions (as first Line of Defense).</p> <p>Local Managers or Regional Managers are responsible to inform their LCOs as to the gifts relating to their area.</p>
Human Resources	<ol style="list-style-type: none"> <li>1. Incorporate Anti-Bribery and Corruption provisions to the Code of Conduct <b>and Code of Ethics</b>.</li> <li>2. Perform due diligence checks before appointing new employees.</li> <li>3. Train employees on Anti- Bribery and Corruption issues and add the provisions of this Policy to the induction courses.</li> <li>4. Design and implement disciplinary procedures.</li> </ol>
Procurement	<ol style="list-style-type: none"> <li>1. Develop and maintain sourcing procurement and vendor management policies and procedures ensuring proper management of Anti-Bribery and Corruption risks.</li> <li>2. Making the principles of this Policy available to business partners and associated persons.</li> <li>3. Incorporate in the outsourcing contracts terms on Anti-Bribery and Corruption.</li> <li>4. Promote due diligence checks before appointing new agents/outsourcing partners/vendors.</li> </ol>
Organization Department	<p>The Organization Department is responsible for communicating this Policy to all employees and ensuring that all the key principles of this Policy are fully incorporated in all relevant procedures.</p>
Compliance Division	<ol style="list-style-type: none"> <li>1. Update this policy as and when required.</li> <li>2. Provide guidance, support and advice across the Group for the implementation of this Policy.</li> <li>3. Train employees on Anti- Bribery issues and add the provisions of this Policy to the induction courses.</li> <li>4. As owners of the Policy they <del>shall have</del> direct and prompt access to the Board of Directors and Senior Management in the event that any issue or concern needs to be raised in relation to bribery.</li> <li>5. Provide statistics to ExCo on a quarterly basis on COI and gift registry.</li> </ol>





<p>Risk Management Function</p>	<p>Risk Management Function as a second line of defence should assess all risks (both internal and external). Assess the nature and extent of the exposure to potential external and internal risks of Bribery within the Group. The assessment should be periodic, informed and documented.</p>
<p>Internal Audit</p>	<p>Internal Audit includes this policy as an area of the Risk &amp; Audit Universe and as such it is subject to a risk assessment, as part of the annual update of the Annual Audit Plan. When an audit engagement is included in IA’s Annual Audit Plan, various audit tests are designed to assess the adequacy and effectiveness of relevant controls, including any policies, the compliance with any applicable regulatory requirements and the staff adherence.</p>
<p>Legal</p>	<p>Legal is responsible for providing general advice to the Group on relevant legislation and for providing support, guidance and advice in relation to legal issues.</p>
<p>Personnel</p>	<p>All personnel of the Group are responsible for complying with this Policy and its related procedures. If any employee becomes aware or suspects that an activity or conduct which has taken place could be considered a bribe or corrupt, then they have a duty to report it immediately. Any such incidents should be reported to their direct Supervisor/ Line Manager or via the Whistleblowing Line.</p>