



POLICY: BOARD NOMINATIONS AND DIVERSITY POLICY

RC14.1.014

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6.0	28/6/2021	Compliance Division	NCGC	Incorporate Diversity Policy
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1. PURPOSE AND SCOPE OF POLICY

The regulatory framework relating to corporate governance requires (i) the establishment of a process for the appointment of directors as well as (ii) a diversified board of directors. In particular, the CBC Governance Directive¹ indicates that the NCGC is responsible for ensuring the appropriate balance of diversity, skills and experience is maintained on the board of directors. The CBC Suitability Directive² states that credit institutions must implement a policy promoting diversity on the management body with the aim of promoting a diverse pool of board membership. In addition to the latter, the 2018 UK Code indicates that *“appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management”*.³

The Board Nominations and Diversity Policy (the **“Policy”**) sets out (i) the Board’s process for identifying Candidates, (ii) the manner by which shareholders may recommend Candidates and (iii) the necessary competencies, skills and academic or professional qualifications to ensure expertise and conformity with the regulatory requirements. The Policy also sets out the Board’s approach to diversity on the Board of the Bank in accordance with international best practices.

This Policy applies to the members of the Board of the Bank. The Policy does not apply to diversity in relation to employees of the Group nor to the boards of subsidiaries within the Group, which, where required, have standalone diversity policies for their respective boards.

2. ABBREVIATIONS

Within this document, the following abbreviations are used:

Abbreviation	Definition
Bank	Bank of Cyprus Holdings Public Limited Company (BOCH) and its subsidiary Bank of Cyprus PCL.
Board	The Board of Directors of the Bank.
CBC	Central Bank of Cyprus
CBC Governance Directive	CBC Internal Governance of Credit Institutions Directive of 2021.
CBC Suitability Directive	Directive on the Assessment of Suitability of the Members of the Management Body and Key Function Holders of Authorised Credit Institutions of 2022.
CGCO	Corporate Governance Compliance Officer.
CSE	Cyprus Stock Exchange.
CSE Code	Cyprus Stock Exchange (CSE) Corporate Governance Code 5 th Edition.
ECB	European Central Bank.
NCGC	Nominations and Corporate Governance Committee.
2018 UK Code	2018 UK Corporate Governance Code.
FCA	Financial Conduct Authority, acting in its capacity as the competent authority for the purposes of the Financial Services and Markets Act 2000.

¹ Section 23(d) of the CBC Governance Directive

² Section 19 of the CBC Suitability Directive

³ Provision 17 of the 2018 UK Code.

3. DEFINITION OF TERMS

For the purposes of this policy, the term listed below has the following meaning:

Term	Meaning
Bank	Means the Bank of Cyprus Holdings Public Limited Company (BOCH), which is a public limited company, registered under Part 17 of the Companies Act 2014 together with its subsidiary Bank of Cyprus PCL.
Board	Means the Board of Directors of the Bank collectively.
Board Committees	Means the Audit Committee, Risk Committee (RC), Nominations and Corporate Governance Committee (NCGC), Human Resources and Remuneration Committee (HRRC), Technology Committee (Non statutory) (TC) and Ethics, Conduct and Culture Committee (Non statutory) (ECCC) collectively.
Candidate	Means an individual who applies to fill in a director vacancy on the Board.
Director(s)	Means the member(s) of the Board of the Bank.
Group	Means the Bank and its subsidiaries.
Nominated director	Means an individual whose nomination has been approved by the Board while the approval of the ECB is pending.
IMAS Portal	Means the ECB electronic portal, which allows supervised banks and third parties to submit information related to the supervised processes, track their status and exchange information with supervisors.

4. GENERAL PRINCIPLES

4.1. Annual Assessment Factors considered by the NCGC

In coordination with the CGCO of the Bank, the NCGC assesses periodically, and at least annually, the following:

1. **Board composition, skills, and diversity:** these refer to the skills, knowledge, experience, independence of mind⁴, diversity⁵ and independence of the Board collectively and individually, considering the challenges and opportunities facing the Bank. In addition to the above, the structure, size, composition, and performance of the Board and of each Board Committee, including, *inter alia*, ensuring that there is (i) an appropriate mix of executive and non-executive directors, (ii) appropriate gender diversity, (iii) that no individual or small group of individuals can dominate Board decision-making and (iv) that there is progressive refreshment of the Board are also considered.
2. **Board dynamics and processes:** These include the board behaviour, relationships and challenge in terms of the interaction of the Directors, their behaviour in terms of being committed to their role and actively participating during the Board and Committee meetings, coming prepared to the Committee meetings and independent attitude that results in the courage to challenge decisions.
3. **Board meetings, their conduct, focus and priorities.**
4. **Induction, development, and training.**
5. **Board Committees and clear visions of responsibilities.**
6. **Board support and information quality.**
7. **Stakeholder and shareholder engagement.**
8. **Climate-related and environmental risks as well as social and governance matters i.e. ESG matters.**

The above criteria are together referred to as the “Assessment Factors”.

4.2. Diversity

The Bank recognizes the benefits and necessity of having an adequately diverse Board and considers diversity as requisite to maintaining a competitive advantage and meeting its business strategy. The promotion of diversity is anchored in the corporate governance framework of the Bank. The Bank recognises the importance of diversity as one of the criteria for the composition of the Board to improve and sustain effective risk oversight as well as the resilience of the Bank. A diverse Board includes and makes good use of differences in the skills (in particular those skills identified as relevant to the business of the Bank, including financial services, strategy development, finance, risk management, business experience, economics, corporate finance, human resources, credit and IT skills, regional and industry experience, sustainability and stakeholder management), background, nationality, ethnicity, gender, age and other qualities of Directors. Such differences are taken into account when determining the optimum composition for a Board to discharge its governance roles and responsibilities objectively and effectively.

The Board of the Bank is committed to achieving the most appropriate blend and balance of diversity possible over time. All appointments to the Bank are made on merit, against objective criteria determined by the NCGC, and designed to ensure that the overall composition of the Board reflects an adequately diverse range of knowledge, skills and experience and simultaneously respects the principle of equal opportunities.

4.2.1. Measurable Objectives in relation to Gender Diversity

In order to ensure that an appropriate balance is achieved and maintained, a target has been set to maintain at least 40% female representation on the Board. The changes in the composition of the Board in 2022 increased diversity at 40%. The Board remains committed to maintaining its set target.

4.3. Considerations prior to the commencement of the appointment process

⁴ In accordance with the ESMA and EBA guidelines on suitability, independence of mind refers to the individual’s ability to “act with honesty, integrity and independence of mind”.

⁵ In accordance with the ECB “the facets of diversity include – but are not limited to – age, disability, ethnicity, gender, gender identity, race, religion, sexual orientation and other characteristics.”

The NCGC shall consider the below factors in assessing the need for the appointment of a new director (the “**Relevant Considerations**”):

1. **Annual Board Performance Evaluation:** As part of the annual Board Performance Evaluation, which is a powerful and valuable feedback mechanism for improving effectiveness, maximising strengths, and highlighting areas for further development, the NCGC will consider the balance of skills, experience, independence and knowledge of the Board and the diversity representation of the Board, including gender, and how the Board works together as a unit, and other factors relevant to its effectiveness.

2. **Succession planning:**

Succession planning has increasingly been recognised by the Board and the NCGC as being a vital aspect of good corporate governance. The aims of succession planning of the Bank include:

- 2.1. Ensuring that the Board has the right membership, in terms of number, validity, with the right diversity of skills and talent needed, amongst others, to successfully deliver the Bank’s strategy and promote its long-term success.
- 2.2. Creating a board of the right size, with the right balance between non-executive and executive directors, and with the right person performing each key board role.
- 2.3. Being timely prepared for the replacement of executive and non-executive directors following their departure, whether planned or unexpected.
- 2.4. Assisting in establishing a diverse board by promoting the search for, and focus on, a diversity of individuals on the board including gender and ethnic diversity.
- 2.5. Ensuring that the membership of the Board is refreshed on a regular basis, to prevent stagnation.
- 2.6. Making the Board more resilient by staggering board changes to provide continuity and to allow a smooth transition of skills and knowledge to incoming board members.
- 2.7. Giving confidence to investors about the resilience of the board and the management of its board membership reflecting its readiness to successfully address all current and upcoming market challenges.

Furthermore, the 2-year Succession Planning Procedure, which is reviewed and updated annually, forms a vital part of the succession planning of the Bank. The 2-year Succession Planning Procedure includes, *inter alia*, the following:

- 2.8. Renewal of the Directors and primarily the ones reaching their maximum tenure during the 2-year period in question.
- 2.9. Actions in relation to diversity enhancement.
- 2.10. Specialised enhancements in terms of skillset necessary to address current and upcoming market challenges
- 2.11. Matters relating to Board Committees’ composition.
- 2.12. Other challenges relating to the composition of the Board and its Committees.

The Succession Planning Procedure is hereto attached as **Appendix A** where the detailed process followed to apply the goals of the succession plan, is described.

(A) Consideration of the Assessment Factors outlined above.

The Board decides in relation to the need for the appointment of new Directors whether to fill a skills gap or to replace a retiring director and assigns the issue to the NCGC. The NCGC leads the process for Board appointments and makes recommendations to the Board, all pursuant to the process set out below.

4.4. Assessment Process

Upon the assignment of a Board appointment to the NCGC, the NCGC shall prepare a description of the role and capabilities required for the appointment, in light of the Relevant Considerations, including in the case of a non-executive director the following:

1. **The time commitment** – Any significant time commitments of a prospective new director must be disclosed to the Board before the appointment, including an indication of the amount of time involved, and the Board should be informed of any subsequent changes in those commitments.

2. **Independence** – The NCGC and Board will need to consider whether the prospective director can be treated as independent. The document containing the Directors’ Independence Criteria is attached hereto as **Appendix B**.
3. **Suitability Assessment** – The Suitability Policy, which sets out the relevant suitability criteria considered, is hereto attached as **Appendix C**.

The above considerations are collectively referred to as the “**Description**”.

The NCGC conducts the search for suitable candidates in a formal, rigorous, and transparent manner, identifying individuals who satisfy the Description and who complement the range of skills, experience and background of existing directors and has the necessary capabilities to undertake the role for which he/she is intended. Subsequently, the NCGC makes a recommendation to the Board on merit based on objective criteria, including skills, ethics, and experience and irrespective of colour, race, nationality /ethnicity, disability, age, gender, religion, sexual orientation, political opinion or any other unfair criterion. Collectively the members of the Board shall have sufficient knowledge, professional competencies, and experience to understand the Bank’s activities and related risks.

In addition, the NCGC shall consider the following criteria, which form part of the Suitability Policy (which is hereto attached as **Appendix C**):

- a) **Personal attributes:** Each Candidate must possess some of the following including, *inter alia*, intellect, critical assessment, ability to listen, ability to forge relationships, ability to develop trust and strength of character.
- b) **Integrity and Judgment.** Each Candidate must be an individual of high personal and professional integrity and ethical behaviour and possesses the ability to exercise sound business judgment on a broad range of issues.
- c) **Experience and Accomplishments.** Each Candidate shall have sufficiently broad experience and proven superior performance and shall have demonstrated significant achievements in business, finance, government, education, law, technology, or other fields important to the operation of the Group.
- d) **Education and Knowledge.** The education and knowledge is twofold and covers practical and theoretical aspects including skills and knowledge. In this respect, a Nominated Director should possess basic theoretical banking knowledge relating to, *inter alia*, (i) banking and financial markets, (ii) regulatory framework and legal requirements, (iii) strategic planning, (iv) accounting and auditing and (v) risk. At least one director must possess appropriate knowledge and expertise on human resources and remuneration issues. Each Candidate shall be of a professional and educational background that enables him/her to have a general appreciation of the major issues facing financial institutions. Such issues include corporate governance issues, regulatory obligations of a public issuer, human resources, technology, climate related and environmental risks, and strategic business planning.
- e) **Commitment.** Each Candidate shall have the willingness and ability to devote the necessary time to Board duties, including preparing for and attending meetings of the Board and its Committees.
- f) **Representation of Shareholders.** Each Candidate must be prepared to represent the best interests of the Bank and its shareholders and must be committed to enhancing shareholder value.
- g) **Independence.** A majority of the directors shall be independent directors in accordance with the provisions of the CSE Code, CBC Governance Directive and 2018 UK Code requirements as well as such other standards as the Board may adopt from time to time. The document containing the Directors’ Independence Criteria is hereto attached as **Appendix B**.
- h) **Financial Literacy.** At least one director who is eligible to serve on the Audit Committee of the Board as Chairperson shall be financially literate. He/she must have specialised knowledge and experience in the application of internal control procedures and accounting issues relevant to the Audit Committee and must have significant, recent, and relevant financial experience.
- i) **Diversity.** The NCGC should give due regard to the benefits of a diverse Board, including in terms of gender, ethnic membership, professional experience, skills, background and psychological type (recognising that it is important to ensure that the Board is not composed solely of like-minded individuals) and ensure that targets set by the Board, to achieve 40% representation of female non-executive members, which was achieved in 2022, is maintained. The decision-making process for strategic and risk-taking within the Bank can be positively affected by supporting a range of backgrounds, experience, values, opinion, and views in the Board of the Bank.

- j) **Committee Membership.** In the case of the appointment of a non-executive director, account shall be taken of the necessary skills and knowledge required in relation to relevant Board Committees of the Board.

Prior to appointment, candidates must satisfy themselves that they have the knowledge, skills, experience, and time to make a positive contribution to the Board.

5. GOVERNANCE

5.1 Roles and Responsibilities

The NCGC shall identify Candidates for appointment to the Board using a variety of means as it determines are appropriate or necessary. The NCGC may use open advertising and/or retain any search consultancy (and approve such search firm's fees and other retention terms) to assist in the identification of candidates. The NCGC may also solicit recommendations from current and former directors, management or others who may be familiar with qualified candidates and may consider current directors for re-election.

The NCGC will also consider candidates recommended for nomination to the Board by shareholders of the Company. Shareholders may make such a recommendation by submitting a completed Director Nomination Form, attached as **Appendix D**, not less than six (6) days nor more than twenty-one (21) days prior to the Annual General Meeting of shareholders. The Completed Nomination Forms shall be sent to:

*Company Secretary
Bank of Cyprus Public Company Ltd
51 Stassinou Street
2002 Strovolos
Nicosia
Cyprus
Or by email to: Company.Secretary@bankofcyprus.com*

The NCGC:

1. Considers candidates on merit, against objective criteria and with due regard for promoting the benefits of diversity on the board, including of gender, social and ethnic backgrounds, and cognitive and personal strengths, taking care that candidates have enough time available to devote to the position;
2. Reviews and assesses Board composition as well as diversity, in order to maintain an appropriate range and balance of skills, experience, knowledge and character on the Board;
3. Reviews and updates the 2-year succession planning strategy and makes relevant considerations to the Board for approval;
4. Evaluates the annual performance of the Board, Board Committees, and individual Directors by considering the balance of skills, experience, knowledge and independence of the Board, its diversity (including gender), how the Board works together as a whole and other factors relevant to its effectiveness; and
5. Reviews the results of the Board Performance Evaluation process that relate to the composition of the board, its diversity and how effectively the members of the Board work together to achieve objectives;
6. Initiates through executive search firms quests to identify suitable candidates including to meet targets set by the Group for a balanced gender representation on the Board.
7. The NCGC shall evaluate each Candidate in the context of the Description and the Relevant Considerations and by also considering the following:
 - a) **Board Contribution.** The NCGC shall evaluate a Candidate's mix of skills and qualifications and determine the contribution the Candidate could be expected to make to the overall functioning of the Board and its Committees, including ensuring that executive directors are able to lead on setting and implementing

strategy and that non-executive directors are (i) independent in character and judgment, (ii) able to constructively challenge and help develop strategy and (iii) able to play an appropriate complimentary role with the Chairperson and the executive directors.

- b) **Collective Suitability** – The NCGC will assess the Board as a whole and whether it possesses the adequate collective knowledge, skills, and experience to be able to understand the Bank’s activities including the main risks. The Board must have adequate collective knowledge, skills, and experience necessary for the prudent and effective management of the Bank. This requires the NCGC to consider both the individual suitability of the Directors and their collective suitability though the composition of the Board as a whole.
- c) **Past Performance.** With respect to current Directors, the NCGC shall consider the latest evaluation of Board Performance and effectiveness.
- d) **Interviews and Other Input.** The NCGC, at its discretion, may designate one or more of its members to interview any candidate. In addition, the NCGC may seek input from the Group’s CEO or other member of the Group’s management or the Board who may interview any candidate and will seek third party references.
- e) **Shareholders’ Recommendation.** The NCGC will seek and consider information concerning any relationship between the shareholders and the candidate to determine if the candidate can represent the interests of all shareholders. The Director Nomination Form must provide that the potential candidate has indicated a willingness to serve as a director, to comply with the expectations and requirements for Board service as publicly disclosed by the Company and to provide all the information necessary to conduct an evaluation of the candidate.

The CGCO after collecting all the information relevant for the nomination of a candidate shall proceed with full due diligence of the candidate and assessment of potential conflicts of interest that may arise due to the candidate’s current employment or affiliations. The CGCO will prepare a report for the NCGC.

The Company Secretary must properly and adequately minute the meeting (i.e. record explicitly who nominated the candidate, the procedure followed to arrive at the recommendation to the Board) so that a body of evidence is available for the competent authorities and as a means to ensure compliance with relevant procedures. Also, the extract of the minutes of the Board approving a Nominated Director are submitted to the ECB through the IMAS Portal.

When considering the appointment of the Chairperson, the meeting should be chaired by the Senior Independent Director, unless he/she is a candidate, in which case the member with the longest tenure on the Board will chair the meeting, but will not have a casting vote. When considering the appointment of a non-executive Director, the NCGC shall ensure that a candidate’s other significant commitments are disclosed to the Board before appointment, with a broad indication of the time involved.

The NCGC will prepare a report and make a recommendation to the Board for suitable candidates to be appointed as directors. Where relevant, the NCGC will indicate in its reports the range of candidates considered, the selection process followed, and the key considerations that were relevant for the selection of the proposed candidate/s relative to other candidates, all in the context of the Relevant Considerations and the Description. The Chairperson of the NCGC must confirm to the Board that the process described in the Nominations Policy was followed.

The Board will examine the NCGC’s report and decide accordingly, taking into consideration the Relevant Considerations (including succession planning for meeting the needs of Board composition). The Board’s decision on the Nominated Director will be submitted by the CGCO to CBC and the ECB for their approval/consent, as required by regulatory arrangements electronically through the IMAS Portal. Once the CBC/ECB consent for the appointment is received, the Chairperson of the Board sends an appointment letter (attached as **Appendix E**) to the new director, setting out the terms and conditions of appointment and the expected time commitment. The appointment is ratified with the written acceptance of the content of the appointment letter by the nominee. The appointment is valid until the next Annual General Meeting of shareholders where the director must offer himself/herself for election by the shareholders.

On appointment of a non-executive director, the applicable terms and conditions of appointment shall be made available for inspection at the company’s registered office during normal business hours and at the AGM.

The Directors in office are subject to an annual effectiveness review and based on the results of this review the Committee recommends to the Board that each Director proposed annually for re-election continues to be effective and that each one demonstrates the level of commitment required in connection to their role on the Board and the needs of the business.

5.2 Supporting Documentation

1. Appendix A
2. Appendix B
3. Appendix C
4. Appendix D
5. Appendix E

5.3 Reporting

As part of the Committee's annual review of the structure, size and composition of the Board, the NCGC will expressly consider and recommend to the Board on the subject of the diversity of the Board, any measurable objectives to be set for implementing the Policy (or adjustments to objectives already set) and (if measurable objectives are set) progress made towards achieving those objectives.

The NCGC shall maintain any records it deems necessary regarding its process for identifying and evaluating candidates for election to the Board. This archive will be maintained for a five-year period. A candidate that may not fit in with the overall composition of the Board at a certain time will not necessarily be deemed as not fit and proper and may in future be considered again for nomination.

The NCGC will review the Nomination and Diversity Policy annually to ensure its effectiveness and recommend to the Board any revisions for approval.

A summary of this Policy's key principles and provisions will be provided in the Corporate Governance Report, which forms part of the Annual Report of the Company. Its key principles and provisions are available on the Company's official website.

6. EXCEPTION APPROVAL PROCESS

N/A

7. IMPLEMENTATION PROCEDURES (KEY PROCESSES)

BoD Succession Planning Procedure (**Appendix A**).

BOD SUCCESSION PLANNING PROCEDURE
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Title	:	Succession Planning Procedure
Policy Number	:	02
Revision Number	:	01
Classification	:	Internal Use
Applicability	:	Cyprus
Owner	:	Company Secretary Office
Reviewer(s)	:	Company Secretary Joint NCGC & HRRC BOD
Approved by	:	Board of Directors
References	:	Central Bank of Cyprus Internal Governance of Credit Institutions Directive of 2021 paragraphs 13(9), 15(2) and 23(1)
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Revision Table		

Rev.	Date	Description
0	30.11.2022	Initial Write-up
01	10.05.2023	Revised

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List of Abbreviations

Abbreviation	Explanation
BOD	Board of Directors, Management Body in its supervision function
CBC	Central Bank of Cyprus
NCGC	Nominations & Corporate Governance Committee
NED	Non-Executive Directors

1. PURPOSE OF PROCEDURE

Bank of Cyprus recognizes that changes in the Management Body from time to time are essential to renew membership and align skills and knowledge with strategy, business developments and the evolving business environment. To this end, Succession Planning helps ensure business continuity and performance at Management Body level and at the same time provides the basis for the identification and development of the skills, knowledge and qualifications required for the members of the Management Body.

This document focuses specifically on Succession Planning and overseeing succession and rotation of tasks of non-executive members of the Management Body. It is based on the Group Board Nominations policy and the Group Policy on the Suitability of Members of the Management Body and Key Function Holders and is in line with the guidelines of the Central Bank of Cyprus Internal Governance of Credit Institutions Directive of 2021 paragraphs 13(9), 15(2) and 23(1).

2. RESPONSIBILITIES

2.1 Management Body or Board of Directors (BOD)

The application of this document is the responsibility of the BOD.

The BOD is committed to ensuring that the Group Board Nominations Policy is in place for the nomination, selection, reappointment and succession of the members of the BOD as well as an appropriate succession plan for its members that considers, inter alia, the expiry date of each member's contract or mandate to prevent too many members of the BOD having to be replaced simultaneously.

2.2 Nominations & Corporate Governance Committee (NCGC)

The main duties and responsibilities of the NCGC in relation to the Succession Plan shall include reviewing periodically, and at least annually, the succession plans for the BOD to ensure on the one hand that successions occur smoothly and an appropriate balance of diversity, skills and experience is maintained and on the other hand the progressive renewal of the BOD, and reporting to the BOD accordingly.

2.3 Company Secretary

The Company Secretary shall provide support to the BOD, to the Chair of the BOD and/or to the NCGC in setting succession planning and overseeing succession and rotation of tasks of non-executive members of the BOD.

3. SUCCESSION PLANNING GOALS

Business Continuity: Succession Planning is crucial for proactive business planning, to ensure that the business is not affected on account of interruptions caused due to an exit of any member of the BOD, or loss of the independent status.

Leadership priorities: The strategic plan and evolving market forces will determine the types of leadership qualities needed to navigate current and future challenges.

Bench Strength: Bench Strength refers to the capabilities and readiness of potential successors to assume a BOD membership.

Enhancement of capabilities: Review of the composition of the BOD with the deployment of external consultants if necessary, in view of identifying new skills, knowledge and expertise that are needed to enhance the BOD.

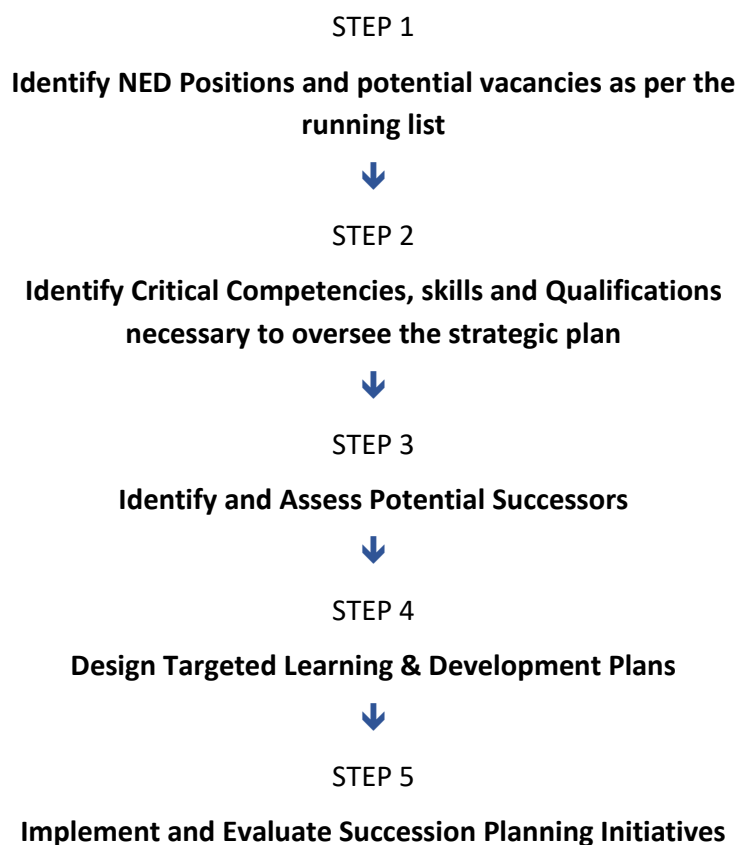
Map upcoming vacancies: Keep a running list in the BOD succession plan of any known dates for when BOD members will be stepping down from their positions due to terms limits, retirement or other reasons.

Develop a pipeline of candidates: Based on the BOD assessments and gap analyses of skills, maintain and routinely update a list of potential, qualified director candidates to fill upcoming vacancies in the near future, or within the next few years.

4. SUCCESSION PLANNING PROCESS

The Succession Planning process takes place on an annual basis and the NCGC prepares and submits the annual Succession Plan to the BOD for approval. The NCGC may engage external professional advisors and/or recruitment agencies to assist in the identification and short-listing of suitable candidates.

The key steps involved in the process of Succession Planning are:



STEP 1: Identify Non-Executive members of the BOD

The Succession Planning process focuses specifically on non- Executive members of the BOD.

Template of Succession Plan:

Objective: Define the purpose for the succession plan in outlining the organization's succession needs and procedures.

Position to be filled: Identify the specific role for which the BOD is seeking a successor.

Term date: Cite the date on which the current BOD member/s vacated or is/are expected to vacate the position.

Position Responsibilities: Name the responsibilities associated with the role, or link to existing documents that define those responsibilities, such as the Group Corporate Governance Policy or the Group Board Nominations Policy.

Desired skills/expertise: List the skills and expertise organizational leaders are seeking for the next BOD member, as identified through the board evaluations, board skills matrix and gap analysis.

Search/recruitment plan: Outline the key steps involved in the BOD's search and recruitment of a new director.

Onboarding plan: Outline how the organization will onboard the new director, how they will educate them on the organization's history, priorities and board processes.

STEP 2: Identify Critical Competencies, Skills and Qualifications

Valid identification of the required level of skills, qualifications and competencies is necessary for:

- Establishing necessary requirements for BOD success
- Creating a baseline for assessing potential candidates
- Identifying appropriate learning and development opportunities

To determine and develop the required competencies, skills and qualification the following sources of information are used by the BOD:

- Comply with the Group Policy on suitability of members of the Management Body and key function holders
- Review current and future strategic goals and objectives of the Bank
- Keep abreast of the evolving business environment
- Use the Skills matrix to identify gaps (as per Appendix 1)

STEP 3: Identify and Assess Potential Successors

Proper identification and assessment of potential successors as per the Group Board Nomination Policy against the predefined competencies, skills and qualifications provides the basis for focused and targeted development plans, to prepare them for future roles as per the Template.

Prepare a shortlist and proceed with a preliminary suitability assessment in line with the Group Policy on Suitability of members of the Management Body and key function holders. Once appointment is confirmed by the BOD, a full suitability assessment is carried out before submission to the Regulator for approval.

STEP 4: Design Targeted Learning & Development Plans

Once candidates are identified and assessed, targeted and focused personal learning and development plans are prepared based on the principles specified in the Group Board Induction and Training policy.

STEP 5: Implement and Evaluate Succession Planning Initiatives

Evaluating Succession Planning is necessary to ensure the effectiveness of the process and gain insight on the various succession planning activities in order to make relevant adjustments, if necessary (impact of learning and development efforts, performance of potential successors, number of rotations and stretch activities, potential gaps, etc).

5. CONFIDENTIALITY

All persons responsible for the execution of the Succession Planning Policy shall ensure confidentiality of the discussions and decisions at all stages.

6. REVISION OF SUCCESSION PLAN

A 2-year succession plan will be revised by the NCGC annually and the relevant succession plan will be then recommended to the Board for approval.

Appendix 1

Board composition matrix

	Takis Arapoglou	Lyn Grobler	Nicolaos Sofianos	Paula Hadjisotiriou	Dinos Iordanou	Panicos Nicolaou	Eliza Livadiotou	Yiannis Zographakis	Maria Philipou
Banking/Financial Services	X	X	X	X	X	X	X	X	X
Audit/ Accounting/ Economics	X		X	X	X	X	X	X	
Legal/Regulatory Framework	X		X	X	X	X	X	X	
Global Markets	X	X	X	X	X	X	X	X	X
Insurance	X	X			X	X		X	
Strategy and Business Models	X	X	X	X	X	X	X	X	X
Risk Management	X		X	X	X	X	X	X	
Oversight	X	X	X	X	X	X	X	X	
Knowledge of Competent Authorities	X		X	X		X	X	X	
IT/Cybersecurity		X			X				
Managerial skills	X	X	X	X	X	X	X	X	X
Human Resources	X	X	X	X	X	X	X	X	X

Directors' Independence Criteria

October 2022

The Board of Directors must identify in the annual report each non-executive Director it considers to be independent. In relation to this, the Board must determine whether the Director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or which could appear to affect, the Director's judgment.

The following (non-exclusive) circumstances may impair or appear to impair the independence of the members of the Board of Directors:

A Director is not considered independent if:

1. Employee relationship:

- He/she has been an executive member of the Bank or the Group, at anytime, during the past five years;
- He/she has previously been employed in a position at the highest hierarchical level of the Group, being directly accountable only to the Board within the last three years.
- He/she is employed by the Bank or the Group, except when both the below conditions are met:
 - (i) the member does not belong to the Group's highest hierarchical level, which is directly accountable to the management body;
 - (ii) the member has been elected to participate in the management body of the entity in the context of a system of employee representation;

2. Business relationship:

He/she:

- Maintains or has maintained (either himself/herself or his/her spouse) during the past three years a **material business relationship**¹ with a member of the Group, either directly, or as a shareholder, partner, director or senior manager of an entity which maintains such a relationship with the Group.
- Receives or has received any additional remuneration from the Group apart from the usual fees as a non-executive member of the Board of Directors (and Board Committees). Additional remuneration includes the participation in the Group's share options or any other performance related incentive or target granted pay scheme or is a member of the group's pension scheme.
- Was granted credit facilities (loans or guarantees) from/by the Bank or a member of the Group, either personally, or their related parties,² of a total amount which exceeds €30.000.

¹ "**Material business relationship**" is the business relationship with a supplier of goods or a provider of services which involves a total financial transaction, on a consolidated basis, which exceeds the sum of €100.000 or 2% of the consolidated turnover of the preceding financial year of the supplier, whichever is smaller. Organisations which receive from the Group significant contributions (more than 3% of the consolidated income of the organization in the preceding year), and providers of financial, legal, accounting and other related consulting services, independent of the fees of such service.

² "**Related party**" means:

- i) spouse, partner as defined in the Civil Cohabitation Law of 2015, child or parent of a member of the management body,
- ii) a commercial entity in which a member of the management body or a close associate thereof referred to in point (i) has a shareholding of 5% or more of the capital or voting rights in that entity or in which such persons may exercise significant influence or in which such persons hold senior management positions or are members of the management body;
- iii) other natural or legal persons associated with the member of the management body through a relationship of significant influence, exercised either by the member of the management body or by other natural or legal persons.

³ "**Close family ties**" include the parents, the husband/wife, the children, the brother or sister, the father or mother in law and the brother or sister of the husband/wife.

3. ***Family relationship:***

- He/she has **close family ties**³ with any of the Group's advisers, Directors or Senior employees of the Group.

4. ***Relationship with advisors:***

He/she:

- Is or has been during the past three years a principal of a material professional adviser, an external auditor or a material consultant or partner or senior manager materially associated with the service provided.

5. ***Tenure:***

- He/she has served on the Board of Directors for a period exceeding nine years, consecutive or not.

6. ***Shareholder relationship:***

- He/she is a **significant shareholder**⁴ or represents a **significant** shareholder or has close family ties with a significant shareholder.
- He/she is an employee of a significant shareholder or is otherwise associated with a significant shareholder

7. ***Relationships with other Directors:***

- He/she has any other connection with the Senior Executive Management or with members of the Board of Directors of the Bank or the Group through any business relationship (for example, through common ownership, directly or indirectly, of 20% or more of voting rights or share capital of a company and/or through cross-directorships in a company, excluding non-profit making organisations).

The Board of Directors may determine that a Director is independent, notwithstanding that not all the independence criteria above are satisfied (or if there are other relationships or circumstances which may appear relevant to the determination of independence), but in such circumstances it must be able to justify its view and state reasons. It must also explain its position to the Central Bank of Cyprus and to the shareholders of the Company in the Annual Corporate Governance Report.

⁴ “**Significant shareholder**” means a person who possesses five percent (5%) or more of the shares or the voting rights but may vary according to circumstances including, cases where the owner is the Republic of Cyprus or any other Member State or public body.

**POLICY: GROUP POLICY ON THE SUITABILITY OF MEMBERS OF THE MANAGEMENT BODY
AND KEY FUNCTION HOLDERS**
POLICY IDENTIFICATION

Title	Group Policy on the Suitability of Members of the Management Body and Key Function Holders
Policy Number	RC14.1.011
Revision Number	10
Classification	Internal Use
Applicability	Group – Board of Directors, Key Function Holders
Owner	Compliance Division
Reviewer(s)	Risk Management, Human Resources Division
Approved by	Nominations & Corporate Governance Committee
Issuing Date	20/01/2015
Effective Date	20/01/2015

Revision Table

Version	Approval Date	Initiator	Approver	Description / Changes
1.0	20/01/2015	Group Compliance Division	NCGC	Initial Write up
2.0	17/12/2015	Group Compliance Division	NCGC	Revision
3.0	4/10/2016	Group Compliance Division	NCGC	No revision required
3.1	16/10/2017	Group Compliance Division	NCGC	Revision
4.0	22/10/2018	Group Compliance Division	NCGC	Revision
5.0	25/11/2019	Group Compliance Division	NCGC	Revision
6.0	29/6/2020	Compliance Division	NCGC	Revision
6.1	27/11/2020	Compliance Division	NCGC	Revision
7.0	30/11/2021	Compliance Division	NCGC	Revision
8.0	29/11/2022	Compliance Division	NCGC	Revision
9.0	29/03/2023	Compliance Division	NCGC	Revision

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1. PURPOSE AND SCOPE OF POLICY

The Group is committed to ensuring that persons appointed to the Management Body, the Executive Committee or other key function holder positions are suitable to hold office. This document sets out:

- the criteria for the assessment and re-assessment of the suitability of assessed persons;
- the appropriate process for assessments of assessed person positions;
- the measures to be taken in cases where assessed persons are not suitable; and
- the criteria for Members of the Management Body to qualify as independent.

The Policy sets in writing the Group's strategy in selecting and recruiting suitable persons to an assessed position on a continuous basis. This is in line with the Code of Ethics, professional and ethical values, the culture and long-term interests of the Group. As part of the governance framework of the Group it serves the purpose of providing for its prudent, effective and robust risk management, in a manner that promotes the integrity of the market and the interest of clients.

This Policy applies throughout the Group, to all persons who hold, or are to be appointed or elected to, an assessed person position of the Bank and its subsidiaries.

The Policy should be read and applied in conjunction with other Group Policies (e.g. Nominations Policy, Induction and Training Policy, Recruitment Policy etc)

2. ABBREVIATIONS

Within this document, the following abbreviations are used:

Abbreviation	Definition
BOD	Board of Directors
BRC	Board Risk Committee
CBC	Central Bank of Cyprus
CD	Compliance Division
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CySEC	Cyprus Securities and Exchange Commission
DPO	Data Protection Officer
EBA	European Banking Authority
ECB	European Central Bank
ESG	Environmental, Social, Governance
EU	European Union
GDPR	General Data Protection Regulation
ICT	Information & Communication Technology
MRT	Material Risk Takers
NCGC	Nominations & Corporate Governance Committee
NPEs	Non-Performing Exposures
ORM	Operational Risk Management
PSD2	Payment Systems Directive 2
SLA	Service Level Agreement

3. DEFINITION OF TERMS

For the purposes of this policy, the terms listed below have the following meaning:

1. **“Bank of Cyprus Group/BoC Group”**
Means the Bank of Cyprus Ltd and its subsidiaries.
2. **“Assessed person” is:**
 - A member of the Management Body (Board of Directors);
 - A Key Function Holder
 - A person with an open approval or a member of a credit committee
3. **“Member” is a proposed or appointed member of the Management Body of the Group.**
4. **“Key Function Holder” is:**
 - CEO
 - Deputy CEO
 - All members of the ExCo
 - All Heads of Control Functions (Compliance, Risk, Information Security, and Internal Audit)
 - AML Officer
 - Outsourcing Officer
5. **“Material Risk Takers (MRTs)”** is staff whose professional activities have a material impact on the institution's risk profile as per art. 3 & 4 of Delegated Regulation 604/2014. In the Group, MRT staff include the following positions:
 - Executive Members of the Board of Directors,
 - All Divisional Directors that report to the CEO, D-CEO or to another ExCo member.
 - Heads of control functions that report to Board Committees
 - General Managers of material subsidiaries (Eurolife, General Insurance Cyprus).
 - Other key personnel whose total annual fixed remuneration exceeds €120.000 (currently n/a).
 - Other Risk Takers (based on position and as defined by the Bank and approved by the NCGC, including members of credit committees and persons with open approval). Exceptionally for this category given the particular risk involved approval takes place by the Risk Committee.
6. **“Suitability”** is the degree to which an individual is deemed to have good repute and to have, individually and collectively with other individuals, adequate knowledge, skills and experience to perform his/her duties. Suitability also covers the honesty, integrity and independence of mind of each individual and his/her ability to commit sufficient time to perform his/her duties.

4. GENERAL PRINCIPLES

In brief the responsibilities of the Group in relation to the legal and regulatory framework are:

- To make the initial and continuous assessment of the suitability of assessed persons on an individual basis and collectively.
- To ensure that the NCGC assesses the suitability of nominated Members on the basis of the criteria set out herein as well as in the Group Board Nominations Policy and the Group's ESG Strategy.

- To ensure that assessed persons have sufficient knowledge, skills, experience, and specialisation for the discharge of their duties and responsibilities (*see Appendix A Part 2*).
- To ensure that the assessed persons are of sufficiently good repute and act in honesty, reliability and integrity, characteristics which promote the culture of compliance in an organisation. Members of the management body should also possess and independence of mind to effectively assess and challenge the decisions of ExCo. (*see Appendix A Part 1*).
- To ensure that Members and other assessed persons live in an orderly economic situation and their exposures are performing throughout tenure and are in compliance with the Assessment of the Suitability of members of the management body and key function holders Directive 2022 (*see Appendix A Part 3*)
- To ensure that Members are able to commit sufficient time to perform their functions.
- To ensure that sufficient human and financial resources are dedicated for induction and on-going training of members of the Management Body.
- To set down the measures implemented when assessed persons are not considered fit and proper.

The suitability assessment is mandatory before the appointment and the information that a position is assessed must be specified in the job description of key function holders and other assessed persons.

The NCGC shall set the criteria and adopt the necessary internal policies for the assessment of the suitability of assessed person in accordance with the provisions of the Assessment of the Suitability of Members of the Management Body and Key Function Holders of Credit Institutions Directive (the CBC Directive) taking into account diversity as per the Group Board Nominations and the Group's ESG strategy. The Committee shall adopt an appropriate succession plan for the members of the Management Body, taking into account inter alia, the expiry of each member's term of office to avoid multiple members being replaced at the same time.

4.1. Criteria to determine if an assessed person is suitable General criteria

A person must fully satisfy the following suitability criteria to be considered suitable to hold an assessed person position:

- **Reputation, honesty and integrity:** Assessed persons must be of high personal integrity and ethical behaviour and must inspire trust.
- **Previous experience:** Assessed persons must have adequate experience and a successful career in their line of business. They must be able to produce relevant references as to such previous positions that satisfy this requirement.

Areas of experience and experience required by the assessed persons are also evaluated against the “experience” criterion as per Appendix A.

- **Independence of mind:** To assess whether Members and heads of internal control functions have the ability to form their own, sound, objective and independent opinion> Members should be able to express their judgement on all issues tackled by the Board of Directors, without undue influence from other persons the following must be considered:
 - a) The necessary behavioral skills including:
 - Courage, conviction and strength to effectively assess and challenge the proposed decisions of other members of the Management Body
 - Ability to ask questions to the executives; and
 - Ability to resist ‘group think’
 - b) Conflicts of interest to an extent that would impede their ability to perform their duties independently and objectively in accordance with the Group Conflict of interest Policy.
- **No conflicts of interest:** The Group shall ensure that assessed persons have no professional capacities that are incompatible with the role they are being assessed for, and that their personal, business and/or professional interests are not in conflict with the interests of the Group, according to the Group’s Code of Conduct, the Group Policy on Conflicts of Interest and the CBC Directive on Internal Governance.

All financial (including NPEs) and non-financial interests that could create potential conflict of interest should be disclosed prior to the assessed person’s assessment.

Should a person be assessed as unsuitable for a particular assessed person position as a result of a lack of competence for that position or because of a conflict of interest that applies to the duties of that position, the person may still be suitable for another assessed person position as different competencies may apply to that position.

Notwithstanding the suitability criteria, it remains a matter for the Board to make the final decision as to whether or not a person is suitable to hold an assessed person position.

This decision is subject to the CBC/ECB’s powers to disqualify a person from holding an assessed person position or directing that they be not appointed or removed from a position.

4.2 Process for suitability assessments and reassessments

Generally, assessments of a person’s suitability for an assessed person position must be conducted:

- Before the person is appointed
- After their appointment:
 - Where there are concerns regarding the suitability of the individual;
 - In the event of a material impact on the reputation of the individual;
 - As part of the review of the internal governance arrangements by the management body;
 - In any event that can otherwise materially affect the suitability of the individual, including any NPEs;
 - When there are reasonable grounds for suspecting money laundering and terrorist financing activities by the Bank and especially in cases where appropriate internal control mechanisms have not been established
 - Where the Bank has substantially modified its operations or business model thus increasing its exposure to the risk of money laundering and terrorist financing.
- When re-appointing Members, if the requirements of the position have changed or if the Member is appointed to a different position within the Management Body
- On an on-going basis.

Key function holder positions must be regularly reviewed, at least once a year and upon any structural change of the organization or new fact, and in particular:

- When applying for an authorisation.
- When appointing new key function holders, including as a result of a direct or indirect acquisition or increase in a qualifying holding in the Bank.

By January 31st each year, assessed persons will provide the Company Secretary with a declaration notifying any changes as to their compliance with the provisions of the Suitability Directive.

The Group will also carry out a suitability assessment if a person is replacing a key function holder or the CEO when the latter is unable to perform his/her duties and the period of absence exceeds 6 months (or in case of unexpected absence). The assessment of the replacement must be submitted within 10 days of assumption of the position. In the event of replacement of the CEO, the successor must be a person who has been approved by the competent authorities as a holder of a key function which he/she held immediately before the replacement.

4.2.1 Collective suitability of the Management Body

The collective suitability of the Management Body must be assessed or re-assessed in particular:

- a) When material changes to the composition of the Management Body occur including:
 - Appointment of new Members, including as a result of a direct or indirect acquisition or increase of a qualifying holding in the Bank;
 - Re-appointment of Members, when the requirements of the position have changed or when the Members are appointed to a different position within the Management Body;
 - When there are reasonable grounds of suspecting money laundering and/or terrorist financing activities;
 - Where the Bank has substantially modified its operations or business model thus increasing its exposure to the risk of money laundering and terrorist financing;
 - When appointed or re-appointed Members cease to be members of the Management Body.
- b) When there is a material change to the Group's business model, risk appetite or strategy or structure at individual or group level;

- c) As part of the review of the internal governance arrangements by the Management Body;
- d) In any event that can otherwise materially affect the collective suitability of the Management Body;
- e) On an on-going basis.

When re-assessing the collective suitability of the members, assessments must focus on the relevant changes in the Group's business activities, strategies and risk profile and in the distribution of duties within the management body and their effect on the required collective knowledge, skills and experience of the management body

The members must collectively be able to take appropriate decisions considering the business model, risk appetite, strategy and markets in which the Group operates, as well as to make material monitoring and criticism against the decision of executives. Individual candidates with strong knowledge in specific areas may compensate deficits of other candidates in these areas. However, any weakness in the composition of the Management Body or its Committees does not necessarily lead to the conclusion that a member is not suitable.

The Group will assess the collective suitability of the members of the management body using a suitability matrix as per Annex I of the Joint EBA & ESMA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06). The Board as a whole, must adequately understand the sectors for which the members are collectively responsible, and to have the required skills in order to exercise actual management and supervision of the Group, especially in matters of its business activity and the major risks connected thereto, the strategic planning, the financial statements, the compliance with the legislative and regulatory frameworks, the understanding of the corporate governance framework, the ability to recognize and manage risks, the impact of technology on its activity, and issues related to the environment, social responsibility, governance (ESG) , within the framework of the Group's strategic plans etc.

It will be a condition of continuing appointment that the candidate provides his/her consent for this information to be gathered and used by the Group for the purpose of the assessment. The consent must also include consent for the information to be provided to the CBC/ECB or CySEC if necessary.

4.2.2 When an assessed person is no longer suitable

If the Bank's assessment or re-assessment of an individual concludes that the person is not suitable to be appointed, then that person shall not be appointed or if already appointed must be replaced. If the Bank's assessment or re-assessment identifies easily remediable shortcoming in the individual's knowledge, skills experience, appropriate corrective measures are to be taken to overcome those shortcomings in a timely manner.

If the Bank's assessment or re-assessment concludes that the Management Body is not collectively suitable then the Bank must take appropriate corrective measures in a timely manner.

If a Member's exposures become non-performing then his/her appointment is immediately terminated.

Appropriate measures might include but are not limited to:

- a) A replacement of Member or Members;
- b) Adjustment of responsibilities between Members; and
- c) Training of individual members or the Management Body as a whole to ensure that its collective knowledge and experience is sufficient.

If any assessed person becomes aware of any matter which may prevent the person from continuing to be assessed as a suitable person, he/she must immediately notify the CD or the Chairman of the Board who with the assistance of the Company Secretary will arrange for a new suitability assessment to be carried out.

The Group Whistleblowing Policy on disclosure of matters of concern includes reporting on issues that may be relevant to the suitability of a person to hold an assessed person position. The Group must investigate any information reported in accordance with the said Policy and ensure that all of the protections and immunities for reporting persons set out in that policy are applied.

Monitoring and review

This Policy is monitored as to its application principally by the CD and the NCGC. The Policy will be reviewed and approved by the NCGC at least annually.

Privacy

In carrying out a suitability assessment, personal information (including sensitive information) about an applicant or employee may be collected. Each person must provide the Group with all information and documentation that the Group reasonably requests (including evidence of sound financial standing (including exposures of their connected parties)), and any other information that may be relevant for the purpose of completing a suitability assessment for assessed person positions.

The person to whom the information applies, may in accordance with Law providing for the Protection of Natural Persons with regard to the Processing of Personal Data and for the Free Movement of such Data of 2018 (Law 125(I)/2018), gain access to the information by contacting the CD.

If personal information (including sensitive information) is collected it will be used to:

- Assess a person's suitability;
- Comply with legislative and regulatory requirements;
- Perform administrative functions including risk management, record keeping, archiving, staff training; and

- Manage the Group's rights and obligations under its license;
- Expenses for mobile devices should be budgeted by the CIO or his delegate.

5 GOVERNANCE

5.2 Roles and Responsibilities

Board of Directors	<p>The application of this Policy and the assessment of the fitness and probity of assessed persons is the responsibility of the Board. However, the Board may, in accordance with this Policy, delegate all or some of its functions to a committee of the Board or to particular officers or employees of the Group.</p> <p>The Board is committed to ensuring that each person who holds an assessed person position has the appropriate skills and experience in line with the role that he/she holds and will make all final determinations and provide approval for appointments to the Board and to key function holder positions.</p>
NCGC	<p>The NCGC has the ultimate responsibility for</p> <ul style="list-style-type: none"> • Approving suitability criteria (in cases of Heads of control functions the respective Committee provides approval) • Making recommendations for nominations to the Board and key function holder positions • Assessments of Board nominees and key function holders • Re-assessments of Board members and key function holders • Collective suitability of the members of the management body • Annually reviewing the key function holder positions and MRTs <p>With the assistance of the CD and the Company Secretary, it is responsible for providing the necessary supporting evidence for the recommendation to the Board on these matters. Furthermore, the Committee must implement a framework to achieve and maintain diversity in the Board within a reasonable amount of time, and the Group's ESG Strategy as well as a framework for the sound and appropriate recruitment process for the nomination, selection, reappointment and succession of the members.</p> <p>The Committee must ensure that the shareholders are informed in good time through the Bank's website and through printed form during the Annual General Meeting with regard to:</p> <ul style="list-style-type: none"> • The requirements of the position • The profile of the candidate • The fact that the appointment is subject to the approval of the CBC/ECB.
AC & RC	<p>Ultimate responsibility for making recommendations to the Board for the appointment of Heads of control functions and for approving suitability criteria.</p>
NCGC/HRRC	<p>The NCGC and the HRRC meet together once a year for the review of the succession planning for key function holders, the review of their performance, the review of the</p>

	organizational structure of the Bank and any appointments to KFH positions making relevant recommendations to the Board for approval.
CEO	<p>The CEO with the assistance of the Human Resources Division has a significant input on the succession plans.</p> <p>Annually makes recommendations for appointments, performance, succession plans of key function holders and the organizational structure and submits to the Board of Directors for approval through the Joint NCGC/HRRC.</p>
Company Secretary	<p>The Company Secretary must act as a source of information and advice to members of the Management Body and facilitate the flow of information within the Management Body and its committees, between senior management and non-executive directors and between Heads of internal control functions and non-executive directors. Among other duties he/she must:</p> <ul style="list-style-type: none"> • Arrange induction programmes for non-executive Directors, assist the Chairperson in assessing and meeting the training needs of members • Assist the Chairperson in the annual evaluation of individual members • Provide sufficient information to shareholders for the election of director, including: <ul style="list-style-type: none"> ○ A description of the individual's qualifications, experiences and competences ○ A description of the roles and responsibilities for that particular vacancy ○ Time commitment expected ○ An explanation why the Board considers the appointment of that individual appropriate • Liaise/cooperate with CD • Keep an updated record of all subsidiary boards
CD	<p>The CD is responsible to ensure that all individuals and committees who have a responsibility under this Policy fulfill their responsibilities in a timely and diligent manner by:</p> <ul style="list-style-type: none"> • Ensuring that appropriate fit and proper assessments are carried out for each assessed person. • Gathering information for assessments in relation to existing assessed persons or candidates for appointment to the Management Body. • Making submissions about any matters that are relevant to a particular assessment of an assessed person's suitability and ensuring that the appropriate reporting to the relevant supervisory authorities is completed. • Following up any queries or clarifications requested by the authorities. • Maintaining an archive of all submissions to regulators and supervisory bodies. • Ensuring that matters relating to this Policy are brought to the attention of the NCGC. • Ensuring that the Group takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorized access, modification or disclosure. • Maintaining records of the suitability assessments on an individual and collective basis for the predefined period. • Reporting to the CBC by the 31st of July on the composition of the Board, its committees and the composition of the boards of subsidiary companies as at 30th June annually.

	<p>The CD also:</p> <ul style="list-style-type: none"> • Checks the plausibility of the information provided by the assessed person and if necessary, carries out its own investigation (internet, press archives etc). • Reviews and revises the Policy at least annually and/ or more frequently whenever there is a significant change in the legislation and / or regulation • Monitors on an ongoing basis the exposures of Members of the management body, KFH and other MRTs
Human Resource Division	<ul style="list-style-type: none"> • Keeps and maintains updated records of all assessed person positions and assessed persons in the Group, in addition to details of the competencies and training required for each assessed person position. • Gathers information for assessments in relation to new key function holder positions; and • Provides assistance to the CEO for succession planning purposes.
Internal Audit	Internal Audit includes this policy as an area of the Risk & Audit Universe and as such it is subject to a risk assessment, as part of the annual audit plan. Audits relevant to the Suitability of Members of the Management Body and Key Function Holders are included in IA's Annual Audit Plan, based on risk assessment and relevant regulatory requirements.
Risk Management	Assesses and appoints persons holding open approvals and persons sitting on Credit Committees.
All assessed persons	All must adhere to the rules of this policy.

5.3 Supporting Documentation

Information to be provided by any assessed person

- 1) CBC Questionnaire
- 2) A current CV including position held and key area of responsibility, the number of subordinates, the activities and size of the employer etc.
- 3) A certified copy of current passport/id*
- 4) Certified copies of academic qualifications*
- 5) Certified copies of professional qualifications*
- 6) Recent Original Police Report from the police authorities of country of residence (if this is not provided a criminal background check from relevant agencies could serve purpose)
- 7) Recent certificate of non-bankruptcy or confirmation from internal means/channels (e.g. ARTEMIS system)
- 8) Two personal references. Ensure that one of the references is from the most recent employer.
- 9) Consent to Personal Data Processing (for the Bank's KYC purposes)
- 10) Related Parties declaration

Additionally, candidate members of the Management Body must also provide the following:

- 11) Declaration as per Articles of Association (article 92)
- 12) Declaration as per art. 2.13 of the Irish Companies Act 2014
- 13) Confidentiality declaration
- 14) Conflict of Interest declaration
- 15) CSE Independence declaration

- 0) CSE Annex 18
- 1) MiFID declaration
- 2) Market Abuse declaration

**Certified by lawyer or Apostille or by the Head of Legal Services in BOC Group*

The CD performs a preliminary assessment of any assessed person and submits a report to the NCGC. Once the NCGC recommends the appointment to the Board, then the above information is collected by the CD which then submits the assessment report to the CBC.

5.4 Reporting

The Management Body must ensure that in consultation with the Company Secretary, the Group complies with all reporting requirements. This responsibility is delegated to the CD.

The Bank must inform the CBC without delay:

- of any shortcomings identified concerning any Members and the Management Body's collective composition.
- for any termination of appointment of a key function holder explaining the reasons why.
- when any Non-Executive Member or member of a subsidiary board exceeds the exposures limits set by the Banking Law.

The information must include the measures taken or envisaged to remedy those shortcomings and the timeline for implementation.

Should the CBC decide that the measures taken are insufficient it may enforce appropriate corrective measures.

Notification must be made to CBC within 7 days of any change in the above information as it pertains to an assessed person, or for any new appointment.

In the case of a non-scheduled departure of a Member or Key Function Holder, that person must notify on the day of his/her departure or soon thereafter the CBC explaining the reasons for his/her departure.

By the 31st of July of each year a list of all assessed persons as of June 30th is notified to the CBC.

This Policy must be submitted to the CBC once approved by the Management Body. Should there be significant modifications to the Policy the updated Policy is submitted to the CBC within a month from the day of the approval of the updated version.

5.5 Legal & Other Framework

The legal framework is governed by/includes:

- Business of Credit Institutions Law of 1997 as amended ("Banking Law").
- The Assessment of Suitability of members of the Management Body and Key Function Holders of Credit Institutions Directive 2022 issued by the CBC "the CBC Directive".
- The Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06) under Directive 2013/26/EU and Directive 2014/65/EU.

- The ECB guide to fit and proper assessments 2021.
- Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervisions of credit institutions and investment firms (CRD IV).
- Directive 2014/65/EU on markets in financial instruments.
- The Internal Governance Directive of Credit Institutions 2021 issued by the CBC.

6 EXCEPTION APPROVAL PROCESS

By way of exception, assessment of individuals and collective suitability may be carried out after the appointment of a member in any of the following cases provided this is duly justified:

- When at the Annual General Meeting of shareholders, the shareholders nominate candidates and elect board members who have not been proposed by the Group
- When the performance of a full suitability assessment prior to the appointment of a Member would disrupt the proper functioning of the Board, including when the need to replace members arises suddenly or unexpectedly.

7 IMPLEMENTATION PROCEDURES (KEY PROCESSES)

- The NCGC nominates Members of the management body as per the ***Group Board Nominations Policy***.
- Key Function Holders are appointed as per the ***HR Recruitment Policy***.
- Members of Credit Committees and staff given open approvals are appointed as *per Circular on the Granting, Re-assessment and Termination of Approving Limits*.

Appendix A

Factors to consider when assessing the fitness and probity of assessed persons

Part 1

A person is considered to be of good repute if there is no evidence to suggest otherwise and no reason to have reasonable doubt about his/her repute. On the opposite end, a person shall not be considered to be of good repute, if his/her personal or business conduct gives rise to any material doubt about his/her ability to ensure the sound and prudent management of the Group.

When considering the reputation and integrity of a person the following circumstances are to be considered as particularly serious and as such damaging to the personal reliability of the candidate.

1. *Legal/regulatory proceedings (as these are described in para. 74 & 75 of the EBA Guidelines, including in reference to offences as per the AML Law of 2007)*
2. *Fulfillment of professional standards (as these are described in para. 77 of the EBA Guidelines)*
3. *Orderly economic situation (as these are described in para. 76 of the EBA Guidelines)*

Whether the economic situation of a candidate can be considered to be orderly or not shall be evaluated based on data with regard to the existence of insolvency proceedings and the ability of the candidate to fulfil his/her financial obligations.

- For persons appointed to Credit Committees or given approval limits that they meet the eligibility criteria of Risk Management i.e.
 - Personal accounts do not present arrears /excesses > 30dpd or arrears /excesses >€2.500, both in BOC and other Financial Institutions
 - Staff Account Management Department does not have information that the person is a strategic defaulter or constantly presents arrears /excesses on his personal accounts.

Non-executive Members or members of other subsidiary boards must not have exposures (including those of their connected parties) of more than €200k (excluding housing loans that are fully collateralized) as per the Suitability Directive.

Part 2

When evaluating the experience, skills and knowledge of potential assessed persons the Group will consider and assess:

- The role and duties of the position and the required capabilities;
- The knowledge and skills attained through education, training and practice;
- The practical and professional experience gained in previous positions; and
- The knowledge and skills acquired and demonstrated by the professional conduct of the assessed person.

Assessment of experience, skills and knowledge will depend on a number of factors. Such factors will include but not be limited to:

- The person's character, competence and suitability relative to the duties involved, including whether the person:
 - Possesses the necessary skills, knowledge, expertise, diligence and soundness of judgment to undertake and fulfill the particular duties and responsibilities of the particular position, (including understanding the risks of money laundering and terrorist financing);

- The level and object of the individual's education and whether it is relevant to the banking or financial sector or other relevant sectors such as economics, law, accounting, auditing, administration, financial regulation information technology and quantitative methods may in general be considered as relevant to banking and financial services;
- Studies equivalent to a university degree or a recognized professional qualification relevant to financial matters and an adequate knowledge of the banking or financial sector;
- Knowledge in the fields:
 - a)** Banking/Financial markets,
 - b)** Legal requirements and Regulatory framework conditions,
 - c)** Strategic planning and corporate management,
 - d)** Risk management,
 - e)** Understanding of how banks work and of the risks involved in their activities,
 - f)** Company organization, governance and control,
 - g)** Accounting/ auditing,
 - h)** The assessment of the effectiveness of the Bank's arrangements, ensuring effective governance, oversight and controls,
 - i)** Climate related, environmental, social and governance risks,
 - j)** Interpretation of bank key figures,
- Adequate professional experience in corporate management or supervisory and control functions.

Experience is assessed on the below presumptions based on certain thresholds:

- CEO: 10 years of recent practical experience in fields related to banking or financial services a significant proportion of which in senior level management positions;
- Other executive members: five years of recent practical experience in senior level management positions in fields related to banking or financial services;
- Chairperson of the management body: 10 years of recent relevant practical experience a significant proportion of which in senior level management positions and significant theoretical knowledge of banking or a similar relevant field;
- Non-executive member: Three years of recent relevant practical experience in senior level management positions, including theoretical banking knowledge.

Appendix B

Below is a non-exhaustive list of relevant skills, referred to above, that the Bank should consider using when performing its suitability assessments:

- **Authenticity:** is consistent in word and deed and behaves in accordance with own stated values and beliefs. Openly communicates his or her intentions, ideas and feelings, encourages an environment of openness and honesty, and correctly informs the supervisor about the actual situation, at the same time acknowledging risks and problems.
- **Language:** is able to communicate orally in a structured and conventional way and write in the national language or the working language of the institution's location.
- **Decisiveness:** takes timely and well-informed decisions by acting promptly or by committing to a particular course of action, for example by expressing his or her views and not procrastinating.
- **Communication:** is capable of conveying a message in an understandable and acceptable manner, and in an appropriate form. Focuses on providing and obtaining clarity and transparency and encourages active feedback.
- **Judgement:** is capable of weighing up data and different courses of action and coming to a logical conclusion. Examines, recognises and understands the essential elements and issues. Has the breadth of vision to look beyond his or her own area of responsibility, especially when dealing with problems that may jeopardise the continuity of the undertaking.
- **Customer and quality-oriented:** focuses on providing quality and, wherever possible, finding ways of improving this. Specifically, this means withholding consent from the development and marketing of products and services and to capital expenditure, e.g. on products, office buildings or holdings, in circumstances where he or she is unable to gauge the risks properly owing to a lack of understanding of the architecture, principles or basic assumptions. Identifies and studies the wishes and needs of customers, ensures that customers run no unnecessary risks and arranges for the provision of correct, complete and balanced information to customers.
- **Leadership:** provides direction and guidance to a group, develops and maintains teamwork, motivates and encourages the available human resources and ensures that members of staff have the professional competence to achieve a particular goal. Is receptive to criticism and provides scope for critical debate.
- **Loyalty:** identifies with the undertaking and has a sense of involvement. Shows that he or she can devote sufficient time to the job and can discharge his or her duties properly, defends the interests of the undertaking and operates objectively and critically. Recognises and anticipates potential conflicts of personal and business interest.
- **External awareness:** monitors developments, power bases and attitudes within the undertaking. Is well-informed on relevant financial, economic, social and other developments at national and international level that may affect the undertaking and also on the interests of stakeholders and is able to put this information to effective use.
- **Negotiating:** identifies and reveals common interests in a manner designed to build consensus, while pursuing the negotiation objectives.
- **Persuasive:** is capable of influencing the views of others by exercising persuasive powers and using natural authority and tact. Is a strong personality and capable of standing firm.
- **Teamwork:** is aware of the group interest and makes a contribution to the common result; able to function as part of a team.

- **Strategic acumen:** is capable of developing a realistic vision of future developments and translating this into long-term objectives, for example by applying scenario analysis. In doing so, takes proper account of risks that the undertaking is exposed to and takes appropriate measures to control them.
- **Stress resistance:** is resilient and able to perform consistently even when under great pressure and in times of uncertainty.
- **Sense of responsibility:** understands internal and external interests, evaluates them carefully and renders account for them. Has the capacity to learn and realises that his or her actions affect the interests of stakeholders.
- **Chairing meetings:** is capable of chairing meetings efficiently and effectively and creating an open atmosphere that encourages everyone to participate on an equal footing; is aware of other people's duties and responsibilities.

Independence criteria

A member is regarded as not being independent if he/she meets one or more of the Independence criteria (Appendix 2 of the Board of Directors Manual). The mere fact of meeting one or more situations does not immediately disqualify a person from being independent. In such a case the Bank must be able to demonstrate to the CBC why the member can be considered independent.

Where a person, who possesses the post of an independent member, does not satisfy or seem to satisfy any of the independence criteria due to some developments, then the management body shall address the issue immediately and proceed with the necessary remedial measures, including removing the said member from the management body or re-determining his/her role in the management body and/or appointing a new independent member within a month from the date the independence criteria are not satisfied.

Director Nomination Form

Date:

Company Secretary
Bank of Cyprus Public Co Ltd (the “**Company**”)
51 Stassinou Str., 2002 Strovolos,
Nicosia
Cyprus

I, the undersigned member of the Company, hereby give you notice of my intention to propose (the “**Candidate**”), for appointment to the office of director at the next general meeting of the Company convened on xx/xx/xx.

Name of shareholder:

Number of Shares held directly or indirectly by the shareholder:

Has the Candidate agreed to have his/her name submitted for consideration and to provide the Nominations and Corporate Governance Committee all information needed to conduct its evaluation of the Candidate: YES/NO

Has the Candidate agreed to abide by all the requirements for membership on the Board of Directors set forth in the Group Nominations Policy: YES/NO

Candidate’s Contact Information:

(a) Address:

(b) E-mail address:

(c) Phone Number:

(d) Fax number:

Kindly attach a current Curriculum Vitae of the Candidate outlining (at a minimum) the Candidate’s educational background, work history, awards and accomplishments, past experience as a board member, leadership experience, any financial training or experience, current boards on which the Candidate may serve, date of birth, current place of residence and nationality.

Please describe why the Shareholder believes the Candidate should be nominated as a Director of the Bank of Cyprus Public Company Ltd.

Please describe in detail all past and current relationships between the Candidate and the Shareholder, including but not limited to, any family relationship, any business or commercial relationship, any employment relationship, any relationship relating to any charitable or non-profit organisation and any investment relationship.

Appendix E

On [date], upon the recommendation of the Nominations and Corporate Governance Committee, the Board of Directors of the Bank of Cyprus Holdings PLC (**'the Company'**) has appointed you as non-executive director. I am writing to set out the terms of your appointment. It is agreed that this is not a contract of employment, nor a contract for services.

Appointment

Your appointment will be for an initial term of three years commencing on [date], unless otherwise terminated earlier by the shareholders. The appointment will be subject to the Company's Articles of Association (a copy of which will be provided to you) and to approval by the Central Bank of Cyprus. Continuation of your appointment is contingent on satisfactory performance and re-election at forthcoming AGMs.

Notwithstanding the other provisions of this letter, the appointment may be terminated at any time by the Company in accordance with the Company's Articles of Association, or upon your resignation. Upon such termination or resignation for any reason, you shall not be entitled to any damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of appointment.

During the appointment you may be asked to serve on one or more of the Board Committees including Audit, Risk, Nomination & Corporate Governance and Human Resources & Remuneration and you will be provided with copies of the terms of reference for each of those Committees.

You are considered to be independent Non-Executive director and will be identified as such in the annual report and other documentation. If circumstances change, and you believe that your independence may be in doubt, you should discuss this with the Chairperson as soon as possible.

Your terms of appointment will be available on the Company's official website.

Time Commitment

Overall, we anticipate a time commitment of a sufficient number of days per month to allow for attendance at Board meetings, Committee meetings and the AGM. In addition, you will be expected to devote appropriate preparation time ahead of each meeting.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role.

Role

Non-executive directors have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for the success of the Company. The Board:

- Provides leadership of the company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- Sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the company to meet its objectives, and reviews management performance; and
- Sets the company's values and standards and ensures that its obligations to its shareholders, customers and other stakeholders are understood and met.

All directors must take decisions objectively in the interest of the Company.

In addition to these requirements of all directors, the role of the non-executive director has the following key elements:

- **Strategy.** Non-executive directors should constructively challenge and help develop proposals on strategy;
- **Performance.** Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- **Risk.** Non-executive directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible; and
- **People.** Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, executive directors and in succession planning.

The role of the Board, of [Chairperson/SID/non-executive Directors], is set out in more detail in the Corporate Governance Policy and Framework, a copy of which will be provided to you.

Fees

You will be paid a fee of €[amount] gross per annum which will be paid quarterly in arrears, and which will be subject to an annual review by the Board and approval by the AGM. The fee is inclusive of your position as a Non-executive Director and of your membership of any Board Committee.

You will have no entitlement to any bonus during the appointment and no entitlement to participate in any share scheme or pension scheme operated by the Company.

Expenses and Independent Professional Advice

In addition to the fee described above, the Company will reimburse you for all reasonable and properly documented expenses you incur in performing your duties. You should submit any details of expenses incurred to the Company Secretary.

Occasions may arise when you consider that you need professional advice in the furtherance of your duties as a director. Circumstances may occur when it will be appropriate for you to seek advice from independent advisors at the Company's expense. This can only be done following approval by the Board. A copy of the Board's agreed procedure under which directors may obtain such independent advice can be provided on request.

Other Directorships and Business Interests

It is accepted and acknowledged that you have business interests other than those of the Company and have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Chairperson and Company Secretary as soon as apparent.

The agreement of the Chairperson should be sought before accepting any other (or further) directorships or any major external appointments that might impact on the time you are able to devote to your role as a non-executive director of the Company.

Code of Conduct

During the appointment you will comply with any relevant regulations as may be issued by the Listing Rules of the United Kingdom Listing Authority, the UK Corporate Governance Code, the Central Bank of Cyprus, the Cyprus Stock Exchange or the Cyprus Securities and Exchange Commission and such other requirements as the Board of Directors may from time to time specify.

Confidentiality

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from the Chairperson.

On termination of the appointment you will deliver to the Company all documents, papers and other property of or relating to the business of the Company or any Group company which are in your possession, custody or power by virtue of your position as a Non-Executive Director of the Company. The Company is able to arrange the disposal of papers that you no longer require.

Price Sensitive Information and Dealing in the Company's Shares

Your attention is drawn to the requirements of the relevant regulatory framework and the Group Market Abuse Policy in relation to the disclosure of price sensitive information and dealing in the Company's financial instruments. You should avoid making any statements and/or transactions that might risk a breach of these requirements. A copy of the relevant current Dealing Code will be provided to you separately. If in doubt, contact the Director of Group Compliance Division or Company Secretary.

Induction

Immediately after appointment, the Company will provide a comprehensive induction. This will include the provision of various documents, site visits and meetings with senior management.

Training

On an on-going basis and further to the annual evaluation process, we will make arrangements for you to develop and refresh your skills and knowledge on areas which we mutually identify as being likely to be required, or of benefit to you, in carrying out your duties effectively. You should endeavour to make yourself available for any relevant training sessions which may be organised for the Board.

Review process

The performance of individual directors and the whole Board and its Committees is evaluated annually. If, in the interim there are any matters which cause you concern about your role you should discuss them with the Chairperson.

**Insurance**

The Company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is €[amount]. A summary of the policy coverage can be provided on request.

Please confirm your agreement to the above by signing and returning to me the enclosed duplicate of this letter.

Yours sincerely,

Chairperson
For and on behalf of Bank of Cyprus Holdings plc

Non-Executive Director
Signature

Date