

Group Competition Law Compliance Policy

1. PURPOSE AND SCOPE OF POLICY

The purpose of this Policy is to ensure that the Group conducts its Business fairly, ethically with honesty and transparency and according to the regulatory and business standards of the industry on Competition Law practices.

The Bank has set up this policy and related procedures to ensure that it does not engage in any anti-competitive practices that could infringe the relevant legal framework in relation to Competition Law. Competition policy is about applying rules to make sure businesses and companies compete fairly with each other. This encourages enterprise and efficiency, creates a wider choice for consumers and improves quality.

2. ABBREVIATIONS

Within this document, the following abbreviations are used:

Abbreviation	Definition
CPC	Commissioner for the Protection of Competition
BOC	Bank of Cyprus Group
CD	Compliance Division

3. DEFINITION OF TERMS

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

Dominant Position: is the economic power enjoyed by an undertaking (a) which renders it capable of substantially obstructing competition in the market of a specific product or service and (b) of acting to a marked degree independently of its competitors and customers and effectively independently of consumers. (c) It is unlikely that an undertaking with less than 40% of a relevant market would be found to be dominant.

Competition Law: is defined as the legal framework which was enacted to regulate and promote the competitive market in Cyprus, which includes (a) the Protection of Competition Law 2022, to improve the effectiveness of Competition Law enforcement in Cyprus and (b) the Control of Concentrations between Undertakings Law of 2014.

Persons at Risk: are defined as all Directors, Management, Officers and other personnel who are authorized to enter into agreements on behalf of and/or bind and/or represent the companies within the Bank of Cyprus Group. It is essential that these people do not enter into formal or informal agreements with competitors on prices, terms and conditions of business, the allocation of territories, the allocation of customers, production

levels and quotas, the range of products to be produced etc. Such practices should be totally avoided even if such communication is encouraged by Governmental bodies, Associations etc. It is also essential that there is no attempt to “rig the market” in some other informal manner.

CPC: is the Commission for the Protection of Competition. The CPC is responsible for examining and ruling upon conduct that is deemed anti-competitive and in violation of the Competition Law. The CPC enjoys a wide range of powers, similar to those enjoyed by the European Commission.

The CPC has the exclusive competence, among others, to:

- a) Investigate and take decisions on the infringement
- b) Decide whether all the conditions are met so that an agreement, decision and concerted practice is valid
- c) Decide on interim measures
- d) Impose terms and behaviour and /or structural remedies, according to the infringement, necessary to bring the infringement to an end.
- e) Conduct investigation in a specific sector of the economy or in specific types of agreements.

More analytically, the CPC may:

- i. Conduct an inquiry when the trend of trade, the rigidity of prices or other circumstances create suspicion that competition may be restricted or distorted in the Republic;
- ii. Request specific information such as that the undertakings or associations of undertakings communicate to the CPC any agreements, decision or concerted practice;
- iii. Publish a report on the results of such inquiry; and
- iv. Use the evidence from the said inquiry in cases of investigation of possible infringements.

The CPC, in enforcing Competition Law, is empowered to obtain a wide range of information as part of its various investigations, either by means of a written request or even by means of an unannounced inspection, known as a **Dawn Raid**.

Dawn Raid: is defined as the unannounced inspection by the CPC.

Inspection Response Team: is defined as the team which will be formed everytime an inspection and/or an investigation and/or a Dawn Raid is initiated by the CPC. The role of the Inspection Response Team is to:

- Schedule appropriate calls and /or meetings in order to manage the actions to tackle the inspection and/or the investigation and/or the Dawn Raid;
- Engage the appropriate stakeholders in order to attain the information requested by the CPC;
- Assign tasks to its members in order to ensure efficient and effective cooperation as well as ensuring meeting the deadline assigned;
- Plan out timelines for which each relevant stakeholder will need to reply by;
- Conduct four-eye checks between its members before the dispatch of the response to the CPC; and
- Liaise with the external consultant, in regard to additional information required from the CPC.

The Inspection Response Team should include members from:

- Relevant Business Lines
- Organisation Department
- Compliance Division

- Legal Services
- Any other party relevant to the specific request such as Support functions etc.

Compliance Division will have the leading role for the coordination between the members of the Inspection Response Team.

Party Responsible for the Notification Obligation: is defined as the party whereby:

- 1) If the act of concentration of undertakings takes place when a permanent change of control occurs
 - i. From the merger of two or more previously independent undertakings or parts of undertakings, or,
 - ii. From the acquisition by one or more persons already controlling at least one undertaking or from one or more undertakings, directly or indirectly, by way of purchase of securities or assets, by contract or otherwise, of the control of the whole or parts of one or more undertakings, the notification shall be made jointly or separately by the participants in those transactions.
- 2) In all other cases, the notification obligation is the responsibility of the acquirer.

Concentrations of Major Importance: is an act of concentration of undertakings is of major importance where:

- i. The aggregate turnover achieved of each of at least two of the participating undertakings is more than three million five hundred thousand (3,500,000) Euro; and
- ii. At least two of the participating undertakings achieve turnover within the Republic, and
- iii. At least three million five hundred thousand (3,500,000) Euro out of the aggregate turnover of all the participating undertakings is achieved within the Republic.

Liability: The consequences of infringing Competition Law can be very serious, both for the Bank and for an individual.

The CPC for every infringement has the power to impose the following measures:

- (a) To impose an administrative fine, according to the gravity and duration of the infringement, not exceeding 10% of the total turnover of the undertaking or not exceeding 10% of the sum of the total turnover of every undertaking which is a member of the infringing association of undertakings, where the turnover corresponds to the preceding financial year
- (b) To force the undertakings or associations of undertaking concerned to bring an end within a fixed time-limit the infringement ascertained and avoid any repetition of it in the future. Where the infringement has been brought to an end before the decision of the CPC, the CPC may condemn the infringement by a declaratory decision.
- (c) To impose any terms and measures, whether behavioural and/or structural, depending on the infringement ascertained which are necessary for the bringing to an end the said infringement.

In case that the undertakings or associations of undertakings concerned do not comply with the CPC's decision issued pursuant to paragraphs (b) and (c) above, the CPC may impose an administrative fine up to 5% of the average daily turnover, during the preceding financial year, for each day during which the infringement continues

4. GENERAL PRINCIPLES

The relevant legal framework is:

- (a) The Protection of Competition *Law* 2022, as it has been amended to improve the effectiveness of Competition Law enforcement in Cyprus,
- (b) the Control of Concentrations between Undertakings Law of 2014 (with both these (a) and (b) laws together referred to hereinafter as the “Competition Law”, and
- (c) Law on actions for damages for infringements of Competition Law of 2017.

This policy requires the following:

1. A Central Registry of related laws & guidelines is maintained by CD. CD ensures that all applicable responsibilities are well defined, assigned accordingly and properly dealt with. The relevant legal framework is (a) The Protection of Competition *Law* 2022, as it has been amended to improve the effectiveness of Competition Law enforcement in Cyprus and (b) the Control of Concentrations between Undertakings Law of 2014 (with both these (a) and (b) laws together referred to hereinafter as the “Competition Law”), (c) Law on actions for damages for infringements of Competition Law of 2017.
2. A Competition Law Compliance Manual ("the Manual") is maintained by CD that contains the policies and practices as well as the procedures that the Employees, Management and Directors of the Bank adopt and follow so that competition challenges are minimized and hopefully eliminated.
3. A list is prepared and maintained by CD with "Persons at Risk". This list is reviewed by CD and approved by the CEO on an annual basis. Meanwhile, if new persons need to be added or existing to be removed from the list, it is the responsibility of the Compliance Division to liaise with the Divisional Directors to review the list and obtain their consent for any changes. Human Resources Division may provide recommendations to Compliance Division. Upon CEO approval, Human Resources Division ‘marks’ the approved roles in the HR system, generates the list and forwards it to CD on the 31st of December of each year. The retention period of the Persons at Risk list will be maintained in accordance with the Information Security Policy and Security Standard for Data Retention of the Bank.
4. Persons at Risk are required:
 - a. To sign an undertaking that they have read and understood the Manual.
 - b. Complete a report every year to enable the Bank to monitor the effectiveness of its compliance program.
5. CD circulates the Manual to all “Persons at Risk”. CD monitors the implementation of the Manual and sets out procedures which include:
 - a. Sending the Manual to all “Persons at Risk” and following up the signing of the undertaking
 - b. Requesting every year from each “Person at Risk” to reconfirm the undertaking
 - c. Co-organizing training with the Legal Services when needed for “Persons at Risk” and other employees involved.
 - d. Maintaining a registry of all signed undertakings.
6. The Competition Law, as well as important legal developments and relevant legal guidelines in relation to competition issues, are included by CD on the Employee Portal for easy access by all members of staff.

7. A process should be established so as to ensure compliance with the legal framework in relation to Competition Law and in particular with the notification obligations arising from the acts of concentration of undertakings to the CPC. More specifically, in the cases of loan restructurings that may entail a lasting change of control of a company, the clearance of the Commissioner for the Protection of Competition may be required. It is important for the Party Responsible for the Notification Obligation to be aware of such notification obligations triggered by the acts of concentration of undertakings. In particular, the acts of concentration of major importance should be notified in writing to the CPC prior to their implementation and following the conclusion of the agreement, the announcement of the public bid, or the acquisition of a controlling interest. Notification may also be made where the participating undertakings demonstrate to the CPC a good faith intention to conclude an agreement or, in the case of a public bid, where they have announced an intention or final decision to make such a bid, provided that the intended agreement or bid would result in a concentration of a major importance. All necessary actions are done with the assistance of the Legal Services. Additionally, relevant guidelines on the matter should be incorporated in the respective divisions' internal manuals and procedures.
8. A procedure should be established for assessing third parties requesting/interested to acquire services from the Bank e.g., card services. The assessment process should be based on transparency and proper governance.
9. At the beginning of each year, CD with the contribution of the Legal Services, updates documents and procedures needed to encompass Competition Law issues and developments. These should also include guidelines (issued by the Legal Services or CD) with actions to be followed in case of an inspection and/or an investigation and/or a Dawn Raid by the Competition Authorities. An Inspection Response Team will be formed to deal effectively with possible inspections and/or investigations and/or a Dawn Raid initiated by the CPC and guide personnel on how to act in accordance with Competition Law.
10. All service level agreements and all contracts of the Bank of Cyprus Group comply with the provisions of Competition Law.
11. If an Employee, Manager or Director of the Bank of Cyprus Group:
 - a. has any concern about whether an agreement or activity may infringe Competition Law,
 - b. comes across any document (including letters and internal memos) which suggest that a breach of competition rules may be occurring

He/she should inform immediately the CD.

12. The Bank does not enter into agreements with competitors concerning (a) prices (b) terms and conditions (c) allocation of territories (d) the allocation of customers (e) production levels and quotas (f) range of products to be produced or for any other matter which may be deemed anti-competitive behavior.
13. In case of an inspection and/or an investigation and/or a Dawn Raid initiated by the CPC, every employee contacts the CD or the Legal Services immediately when this comes to their attention..

The Inspection Response Team is informed in order to organize and plan the way to tackle the inspection and/or the investigation and/or the Dawn Raid initiated by the CPC.

Non-compliance issues will be assessed accordingly, and relevant measures/processes should be in place to take into account the regulatory and reputational impact as well as the impact on the capital adequacy and liquidity of the Bank.

5. GOVERNANCE

5.1 Roles and Responsibilities

Board of Directors	The Board of Directors sets, approves and oversees the effective implementation of appropriate policies, practices and procedures to ensure compliance with the regulatory framework.
Audit Committee	The role of the Committee is to review and approve the Group’s Competition law policy, review the procedures, assess their effectiveness and ensure that there are adequate, reliable and secure internal competition procedures arrangements for staff and internal stakeholders (i.e. persons at risk) to raise concerns that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
Compliance Division	<p>Compliance Division ensures that there is an internal procedure in place to facilitate the reporting by staff members of concerns, shortcomings or potential violations in respect of the Group’s policies, legal, regulatory or business obligations regarding the competition law.</p> <p>Compliance Division maintains and updates this policy and provides direction, training and guidance to the Group through this policy and detailed processes and procedures such as the Competition law manual and Persons at Risk List.</p> <p>Compliance Division ensures further analysis, assessment of the competition law incidents and investigations by the Regulator and ensures mitigating actions are implemented to manage compliance risk. The results of the investigation are communicated to the responsible director and/or other reporting lines if applicable</p>
Human Resource Division	HR Division has the responsibility to assess and investigate, if deemed necessary, the roles in regard to the Persons at Risk, and provide the list to Compliance, on an annual basis.
Legal Services	Legal has the responsibility to assess the manual on a bi-annual basis or ad hoc if a change in the legislation arises. Additionally, they are in communication with the External Subject Matter Expert on the subject and liaise with them in matters of investigations by the Regulator whereby the External Subject Matter Expert is involved and further assessments of the manual from a legal standpoint.
Persons at Risk	Persons at Risk are defined as all Directors, Management, Officers and other personnel who are authorized to enter into agreements on behalf of and/or bind and/or represent the companies within the Bank of Cyprus Group. It is essential that these people do not enter into formal or informal agreements with competitors on prices, terms and conditions of business, the allocation of territories, the allocation of customers, production levels and quotas, the range of products to be produced etc. Such practices should be totally avoided even if



	such communication is encouraged by Governmental bodies, Associations etc. It is also essential that there is no attempt to “rig the market” in some other informal manner. In accordance with the Competition law manual, they are required to report any misconduct or infringement of the Group’s rules and policies or any actions that may breach the competition law of the Group, as well as abide by the their required actions as per the manual, namely to provide the Annual Undertaking on an Annual Basis, abide by the Dos and Donts list etc.
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5.2 Supporting Documentation

Detailed written procedures are in place for the implementation of this policy. **Please Section 6 for specific list.**

6. IMPLEMENTATION PROCEDURES (KEY PROCESSES)

6.1 Supporting Procedures

- Competition Law Compliance Manual
- Persons at Risk List