Group Policy on Fitness & Probity of Directors, Managers and Key Function Holders

1. Purpose

The Group is committed to ensuring that persons appointed to the management Body, the Executive Committee or other assessed person positions are fit and proper to hold office. This document sets out the criteria for the assessment of the suitability of persons which hold specific and important positions within the Group and the appropriate procedure to be adopted and implemented in order to ensure that the persons involved are suitable for the position they hold on a continuous basis.

The legal framework is governed by/includes:
- Business of Credit Institutions Law of 1997 as amended (“Banking Law”)
- The Guidelines on the assessment of the suitability of members of the management body and key function holders issued by the EBA
- Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervisions of credit institutions and investment firms (CRD IV).

2. Sectors Affected

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 Regulated Subsidiaries.

3. Policy

The Policy sets out in writing the Group’s strategy in assessing the fitness and probity of persons who hold, or who are appointed or elected to an assessed position on a continuous basis. This is in line with the professional and ethical values and long-term interests of the Group as well as its Code of Conduct. As part of the governance structure of the Group it serves the purpose of providing for prudent management and of strengthening the efficiency of risk management of the Group.

The requisite knowledge, experience and abilities of each individual as well as the general requirements for the composition of the Management Body are factors that may ensure that informed and professional decisions are taken for the direction of the Bank, the risk management oversight and the regulatory environment it operates in.
In brief the responsibilities of the Bank in relation to the above legal and regulatory framework are:

- To make the initial and continuous assessment of the fitness and probity of assessed persons
- To ensure that assessed persons have the requisite experience, specialisation and knowledge for the discharge of their duties and responsibilities
- To ensure that the assessed persons act in honesty, reliability and integrity, characteristics which promote the culture of compliance in an organisation
- To ensure that the NCGC adopts the necessary internal policies for the assessment of the fitness and probity of assessed persons.

The Group will also take reasonable steps to ensure that after a person is nominated or proposed for election or appointment to an assessed person position, the Group will make available to that person a copy of this Policy and the details of the competencies and training required for the relevant assessed person position, before any assessment of their suitability to hold an assessed person position is conducted. This Policy will also form part of the induction process for all assessed persons.

The information that a position is assessed and that the fit and proper assessment is mandatory before the appointment, must be specified in the job description.

Lists of assessed staff must be regularly reviewed, at least once a year and upon any structural change of the organization.

3.1 Criteria to determine if an assessed person is fit and proper

3.1.1 General criteria

A person must satisfy the following criteria to be considered fit and proper to hold an assessed person position:

- Competence
- Character
- Diligence
- Honesty
- Integrity
- Judgment to perform properly his/her duties
- Personal reliability
- Good reputation

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 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.

3.1.2 Matters for consideration in conducting fit and proper assessments

When evaluating the reputation and integrity of a person the following factors are to be considered:

a) legal/regulatory proceedings  
b) fulfillment of professional standards  
c) Orderly economic situation

Circumstances under the above headings (described in more detail in Appendix A Part 1) are to be considered as particularly serious and as such damaging to the personal reliability of the candidate.

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

a) The theoretical experience attained through education and training; and
b) The practical experience gained in previous occupations taking into account the skills and knowledge acquired and demonstrated by the professional conduct of the assessed person (See Appendix A part 2):

Finally, when assessing Members of the Management Body, the following governance criteria, inter alia, must also be evaluated:

a) Potential conflicts of interest
b) The ability to commit sufficient time for the responsibilities of the position;
c) The overall composition of the management body
d) The collective knowledge and expertise required; and
e) The person’s ability to perform their duties independently, without undue influence from other persons

(For more details on the governance criteria see Appendix A Part 3)

Notwithstanding these factors, it remains a matter for the Board to make the final decision as to whether or not a person is fit and proper to hold an assessed person position. This decision is subject to the CBC/ECBs powers to disqualify a person from being an assessed person or directing that they be not appointed or removed from a position.

The information provided is to be checked for its plausibility by the CGCO and if necessary he/she shall carry out his/her own investigation (internet, press archives etc).
3.2 Process for fit and proper assessments

3.2.1 When will assessments be conducted?

Generally, assessments of a person’s fitness and probity for an assessed person position must be made:
- Before the person is appointed and
- After their appointment should negative information relative to the assessment become known to the Bank.

Assessed persons must inform the Bank immediately should there be any change relative to the information they have supplied on the personal Questionnaire.

By January 31st each year, assessed persons will provide the Company Secretary with a declaration notifying any changes to their circumstances.

The Group will also carry out a fit and proper assessment if a person is acting in an assessed person position on an interim basis for more than 6 months (as a replacement for absent managers). The personal questionnaire will be submitted within 20 days of assumption of the position.

3.2.2 Process of assessment and review

Assessments of fitness and probity are to be built in:
- The Board and the NCGC’s procedures for considering candidates for nomination or appointment as a member of the Board.
- The Board’s and the RC’s procedure for considering candidates for appointment as the Chief Risk Officer and Information Security Officer.
- The Board’s and the AC’s procedure for considering candidates for appointment as Director of Group Internal Audit and Director of Group Compliance.
- The Group’s recruitment and promotion processes for other assessed person positions.

The CGCO is responsible for gathering information for assessments in relation to existing assessed persons or candidates for appointment to an assessed person position.

The assessment procedure may commence at the stage of preparing a short-list of candidates for the position. The Bank will require each candidate to complete the personal Questionnaire (Appendix 2 of the CBC Directive).

That information is to be assessed by the NCGC, the RC, the AC or the CEO respectively, and provided to the Board together with any recommendations.
When conducting an assessment the CGCO may seek further information from, or clarify any matter or information with, the person who is the subject of the assessment.

Assessed persons will be provided on an on-going basis with training opportunities, especially in cases where specific needs and skills are required. In the case of the Members of the Management Body the Company Secretary will ensure such needs are met.

3.2.3 Re-assessments

The Chairman of the Board with the assistance of the Company Secretary in the case of Board members and the CGCO in all other cases, will schedule re-assessments of assessed persons whenever events make it necessary or whenever the assessed person informs the Bank of circumstances that may affect his/her fitness and probity.

Such events will include but not be limited to:
- The appointment to a new directorship or retirement/dismissal from an existing directorship
- Legal or regulatory proceedings against the individual
- Disciplinary proceedings
- Bankruptcy proceedings

The Group will gather the following information as part of the re-assessment, unless there is good reason not to:

a) General information from the person’s performance review and human resources record.

b) Updated information referred to in Appendix B

c) Information on any adverse matters such as disciplinary action both internal and external to the Group, investigations, offences, prosecutions or other relevant matters

d) Such other information as is prudent in the particular circumstances

e) Signed statement by the assessed person, notifying of any changes with regard to complying with the Directive of the CBC

It will be a condition of continuing appointment that the candidate provides his 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.

3.3 Decision standards for fit and proper assessments

3.3.1 Fitness and probity considerations

The Group must apply prudent judgment in determining whether the person could be considered fit and proper for the assessed person position and need not make enquiries about matters that are unlikely to be material.
If insufficient information is available to enable the Group to prudently conclude that the criteria in par.3.1 are met, particularly as a result of lack of cooperation by the person, then the criteria are deemed not to be satisfied.

Where a disclosure or matter is relevant, it should be considered in conjunction with other relevant matters, such as materiality, elapsed time since the event, and repetition or duration of the behavior.

Notwithstanding that a person may be assessed as unfit 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 fit and proper for another assessed person position as different competencies may apply to that position. Similarly, the Bank must assess whether the Board of Directors is collectively fit and proper and sufficiently competent. 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 Board or its Committees should not necessarily lead to the conclusion that a candidate is not fit and proper.

Where a person is found not to be fit and proper due to a lack of diligence, honesty, integrity or judgment, then that person will not normally be suitable for any other assessed person position.

3.3.2 When an assessed person is no longer fit and proper

If an assessed person has been assessed as suitable but the Group subsequently becomes aware from any source of information that may change the profile of this person and it could result in the person being assessed as not fit and proper, the matter is to be referred to the NCGC which must take reasonable steps to ensure that the Group can prudently conclude that no concern over fitness or probity exists.

Where the NCGC decides that a concern exists, the CGCO or the Chairman of the Board with the assistance of the Company Secretary (depending on who the assessed person is) must initiate a full assessment to be conducted.

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

3.3.3 Reporting to the CBC when an assessed person is not fit and proper

The Board must cause a report to be made to the CBC of any assessment that an assessed person is not fit and proper within 10 business days of that assessment explaining the reasoning.

If the person remains in the assessed person position the notification to the CBC must state the reason for this and the action that is being taken.
3.3.4 CBC exercising powers on fit and proper matters

The process in the paragraph above does not apply in circumstances where the CBC exercises its powers under the Banking Act to:
• Disqualify a person or
• Direct the removal of a person
from an assessed person position, in which case the Group may act immediately to remove the person from that position.

3.4 BOC Whistleblowing Policy

The Board has adopted a Group Policy on disclosure of matters of concern called Group Whistleblower Policy, which is clearly communicated to directors and employees of the Group who are likely to have information relevant to fit and proper assessments.

That policy allows and encourages any Director, officer, employee to confidentially provide information to designated persons in the Group in relation to matters of concern, which includes reporting conduct that may be relevant to the suitability of a person who holds an assessed person position.

The Group must investigate any information reported in accordance with the Group Whistleblower policy and ensure that all of the protections and immunities for reporting persons set out in Group Whistleblower policy are applied.

The Group consents to any person notifying and providing information to either:
• The designated persons in the Group
• The anonymous reporting line or
• CBC or CySEC
if that person believes that an assessed person does not meet the fit and proper assessment criteria set out in this Policy, or if they believe that the Group is not complying with its obligation under the CBC Directive.

3.5 Reporting requirements

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

The following information must be reported to CBC for each assessed person:
• The CBC’s Questionnaire with all necessary documents attached;
• The privacy statement of the CBC/ECB; and
• A statement of whether the person has been assessed under the Fit and Proper Policy.

It is the responsibility of the Group to ensure that the information required above remains correct for all its assessed persons. Notification must be made to CBC within 20 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 an assessed member, such member must notify on the day of his/her departure or soon thereafter the CBC explaining the reasons for his/her departure.

By the 31st 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 Board. 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.

3.6 Monitoring and review

This Policy will be monitored as to its application principally by the CGCO and the Company Secretary of the Group. The policy will be reviewed and approved by the NCGC at least annually.

3.7 Privacy

In carrying out a fit and proper 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, 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 CGCO.

If personal information (including sensitive information) is collected it will be used to:
• Assess a person’s fitness and probity
• 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
Assessed persons will be required to sign a privacy statement to be submitted together with the Questionnaire before any assessment can be carried out by the CBC/ECB.

3.8 Document Retention

The Group must:

• Document all information considered in assessing the fitness and probity of a person for a particular role
• Immediately destroy documentation gathered for an unsuccessful applicant relating to assessment conducted as a component of the recruitment process
• Retain documentation relating to the assessment of a person for a role for a period of 7 years following the person ceasing to hold any role.

The CGCO must ensure that full documentation of all assessments carried out under this policy are maintained and are available for inspection by the Board or the CBC/ECB at any time.

4. Definitions

Member is a proposed or appointed member of the Board of Directors of the Group.

Key Function Holders are:

• Group CEO and other Executive Members of Group BoD
• Senior Management Team consisting of:
  o All Divisional Directors that report to Group CEO or Deputy CEO
  o Divisional Directors that report to Board Committees (Chief Risk Officer, Director Internal Audit, Director Group Compliance, Director Human Resources)
  o General Managers of major subsidiaries (Eurolife, GIC)
• Other staff that report to Board Committees, and
• Other employees whose total annual remuneration exceeds €120K

An assessed person is:

• A member of the Management Body (Board of Directors)
• A member of the Executive Committee
• The Head of a Control Function (Internal Audit, Risk Management, Compliance, Information Security)
• The CFO
• Any key function holder the Management Body may determine and
• Any other person which the CBC or CySEC determines as a person that plays a significant role in the management or control of the Group, or that the person’s activities may materially impact on the Group’s operations

and persons to be appointed or elected to such position of the Bank and its Regulated subsidiaries.
5. **Roles & Responsibilities**

All responsibilities should be clearly assigned, explained and monitored (please refer to *Appendix C*)
Appendix A

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

Part 1

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**

   - The person is disqualified under the criteria set in the Banking Law and the Directive of the CBC
   - Grounds for exclusion from a business license according to relevant local Industrial Code
   - Convictions under criminal law and accumulation of relevant sanctions under regulatory framework
   - Administrative or supervisory action
   - Pending judicial proceedings or penal proceedings or ongoing criminal investigations that are relevant for the position to be filled.

   If there have been convictions or if proceedings are pending in any country, further information must be gathered and the person concerned shall be contacted directly to provide more detailed information about the actual circumstances of the case at hand.

   Whether the facts are relevant or not for a specific position must be determined on a case-by-case evaluation after considering the following criteria:
   - Type of convictions
   - Amount of penalty or indictment
   - Level of appeal
   - Punishment received
   - Degree of wrongdoing
   - Instance which pronounced sentence
   - Time elapsed since the sentence
   - Surrounding, including mitigating circumstances
   - Seriousness of any relevant offence or administrative or supervisory action
   - Relevance of the offence or administrative or supervisory action to the proposed position
   - Repeated offences
   - Impact on the reputation

2. **Fulfillment of professional standards**

   The professional career of the candidate shows a development which allows for the assumption that he has acted in compliance with legal regulations and in a professional way. Indications to the contrary are:
   - Exclusion from a managerial function by a regulatory authority
• A demonstrated lack of willingness to comply with legal obligations, regulatory requirements or professional standards, or acting in an obstructive, misleading or untruthful way when dealing with regulatory bodies or a court
• Reprimands, or disqualification, or removal, by a professional or regulatory body in relation to matters regarding the person’s honesty, integrity, or business conduct
• Perpetration or participation in negligent, deceitful, or otherwise discreditable business or professional practices;
• Bad repute in any business or financial community or any market

3. **Orderly economic situation**

• The candidate lives in an orderly economic situation
• No commencement of bankruptcy/liquidation proceedings over the assets of the candidate or of a legal entity on whose business the candidate is (or was) entitled to exert considerable influence.
• Information about the credit standing of the candidate obtained from the relevant local authority or from internal means/channels (e.g. ARTEMIS system) or from a similar foreign institution allows for the conclusion that the candidate does not handle his financial affairs in a prudent manner and/or has assumed unreasonably high financial obligations.
• Information whether tax payment obligations (or other obligations toward the state) of the candidate are fulfilled.

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 fulfill his/her financial obligations.
Part 2

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
  - 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, management, supervision of the financial sector 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 following fields:
    a) Financial markets
    b) 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 for banks
    h) Interpretation of bank key figures
  - Adequate professional experience in corporate management or supervisory and control functions
Part 3

The evaluation of governance criteria will depend on the following:

- The person does not have a potential conflict of interest in performing the duties of the assessed person position or, if there is a conflict of interest, the Bank must conclude that the conflict will not create a material risk that the person will fail to perform properly the duties of the position.
- The individual is able to commit the necessary time to his duties
- The individual’s ability to perform his duties independently without undue influence from others
- The overall composition of the Board, the collective knowledge and experience
- Where the person is also a member of the board or manager of one or more entities, the proposed appointment is not incompatible with other positions held by the same person and does not create conflict of interest
- The number of directorships which may be held by a member of the Board at the same time shall not exceed the following combinations of directorships at the same time:
  - One executive directorship and two non-executive directorships or
  - Four non-executive directorships
  - (executive or non-executive directorships held within the same group count as a single directorship, while directorships which do not pursue predominantly commercial objectives shall not count)

In exceptional cases the CBC may authorize members of the Board to hold one additional non-executive directorship
Appendix B

Information to be provided by any assessed person

1) CB Questionnaire
2) ECB Personal Data Statement
3) A current CV including position held and key area of responsibility, the number of subordinates, the activities and size of the employer etc.
4) A certified copy of current passport/id*
5) Certified copies of academic qualifications*
6) Certified copies of professional qualifications*
7) 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)
8) Recent certificate of non-bankruptcy or confirmation from internal means/ channels (e.g. ARTEMIS system)
9) Two personal references. Ensure that one of the references is from the most recent employer.
10) Consent to Personal Data Processing (for the Bank’s KYC purposes)

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
16) CSE Annex 18
17) MiFID declaration
18) Market Abuse declaration

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

When this information is collected the CGCO will submit the assessment report to the NCGC. The NCGC will proceed with a proposal to the Board for final approval.
## Responsibilities in Relation to Assessment of Fitness & Probity

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<th>Role</th>
<th>Responsibilities</th>
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<td>Board of Directors</td>
<td>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. 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 they hold, and will make all final determinations on the fitness and probity of assessed persons.</td>
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| The NCGC              | The NCGC has the ultimate responsibility for  
  • Making recommendations for nomination to the Board  
  • Assessments of Board nominees  
  • Re-assessments of Board members  
  With the assistance of the CGCO 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 policy with a framework to achieve diversity in the Board within a reasonable amount of time and a policy for the sound and appropriate recruitment process for the nomination, selection, reappointment and succession of the members.  
  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:  
  • The requirements of the position  
  • The profile of the candidate  
  • The fact that the appointment is subject to the approval of the CBC.  
  The NCGC must approve the list of assessed person positions maintained by the Director of Human Resources and any changes to that list. |
| HRRC                  | The HRRC is responsible to review succession planning for Senior Management annually and to approve the organizational structure of the Bank whenever there are changes or at least annually. |
### CGCO

The CGCO 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. He is responsible for:

- Ensuring that appropriate fit and proper assessments are carried out for each assessed person.
- Making submissions about any matters that are relevant to a particular assessment of an assessed person’s fitness and probity 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.
- Reporting to the CBC on the 31st of July the composition of the Board, its committees and the composition of the boards of subsidiary companies.

### Company Secretary

The Company Secretary must act as a source of information and advice to members of the Board and facilitate the flow of information within the Board 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 must:

- Arrange induction programmes for non-executive Directors, assist the Chairperson in assessing and meeting the training needs of members
- Assist the Chairman in the annual evaluation of individual members
- Provide sufficient information to shareholders for the election of director, including:
  - 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 CGCO
- Keep an updated record of all subsidiary Boards
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<th>Human Resources</th>
<th>The Director of Human Resources:</th>
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<td>• Must keep and maintain a current list of all assessed person positions and assessed persons in</td>
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<td>the Group, in addition to details of the competencies and training required for each assessed</td>
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<td>person position.</td>
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<td>• Must annually prepare succession plans and submit to HRRC for approval, and</td>
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<td>• Provides assistance to the CEO for identification and assessment of assessed staff.</td>
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| CEO                     | The CEO with the assistance of the Human Resources Division has a significant input on the     |
|                         | succession plans and makes recommendations to the Group HRRC and on the assessments of the     |
|                         | assessed persons and makes recommendations to the Group NCGC.                                    |

| Internal Audit          | Internal Audit in accordance with its risk-based procedures carries out periodic reviews of   |
|                         | relevant controls & procedures in relation to the Assessment of the Fitness & probity of      |
|                         | assessed persons, in order to provide assurance as to the effective implementation of the      |
|                         | provisions of this policy.                                                                     |

| All relevant persons    | All must adhere to the rules of this policy                                                    |