

POLICY: TREATING CUSTOMERS FAIRLY

1. PURPOSE AND SCOPE OF POLICY

Treating Customers Fairly (hereby known as ‘TCF’) is a regulatory framework set by the Consumer Protection Law of 2021 (Law 112(I)/2021). This law has been transposed from the 2019/2161 DIRECTIVE (EU) 2019/2161 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 amending Council Directive 93/13/EEC and Directives 98/6/EC, 2005/29/EC and 2011/83/EU of the European Parliament and of the Council as regards the better enforcement and modernisation of Union consumer protection rules (Omnibus Directive) which amends all existing EU consumer law directives, namely:

- The Unfair Commercial Practices Directive (2005/29/EC);
- The Consumer Rights Directive (2011/83/EU);
- The Unfair Contract Terms Directive (93/13/EEC); and
- The Price Indications Directive (98/6/EU).

Additionally , greenwashing mis-selling practices are covered under the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 regulatory technical standards [...] in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (hereby known as ‘SFDR’)

Also, the Directive (EU) 2023/2673 of the European Parliament and of the Council of 22 November 2023 amending Directive 2011/83/EU as regards financial services contracts concluded at a distance and repealing Directive 2002/65/EC (hereby known as ‘ Distance Directive’), is also associated with ensuring there is transparency in notifying the client , and consumer protections in electronic banking and financial products and thus falls under the treating customers fairly regulatory framework.

Additionally the Accessibility of Products and Services Law of 2024 has also been considered under the realm of this policy.

The overall regulatory framework governs the BoC Group conducts daily dealings with its customers, ensuring that all are treated fairly, during all stages of the product life-cycle and advice process. TCF non-compliance is a serious infraction that exposes a company to fines, jeopardizes its reputation, and undermines its credibility.

BoC Group is committed to treating all its customers fairly which includes fostering a culture of fairness throughout the organization to help employees recognize and address Customers' needs. To accomplish this goal, the BoC Group does business openly, transparently, and fairly, and this conduct is reflected in every aspect of its commercial dealings. These standards are always followed by the Board, Directors, Managers, Employees, and anyone else working on the BoC Group's behalf. The policy is applicable for all subsidiaries of the BoC Group. As subsidiaries are separate data Controllers, relevant roles and responsibilities are adjusted accordingly at subsidiary level.

The Policy specifies the business actions involving consumers are deemed unfair. This policy complements other policies that touch on consumer protection, such as the Customers' complaints policy, the whistleblowing policy, code of conduct, code of ethics are applied in conjunction with these policies. In general, it forbids the BoC Group from engaging in unfair business practices toward Customers to:

- a) ensure consistency and transparency in all practices in accordance with all legal requirements;
- b) ensure fair and legal implementation within the framework of the desired fairness culture;
- c) adhere to the protection of Customers, prospective Customers, suppliers, business partners, and employees and implement the necessary regulatory framework.

2. ABBREVIATIONS

Within this document, the following abbreviations are used:

Abbreviation	Definition
Bank	Bank of Cyprus Public Company Ltd
BoC Group	Bank of Cyprus Public Company Ltd and its subsidiaries
EU	European Union
SFDR	Sustainable Finance Disclosures Regulation
TCF	Treating Customers Fairly

3. DEFINITION OF TERMS

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

1. **BoC Group** means the Bank of Cyprus Public Company Ltd and its subsidiaries/legal entities, including branches and representative officers.
2. **Law:** It means the Consumer Protection Law of 2021 (Law 112(I)/2021) in harmonization with the EU Directive 2019/2161 of the European Parliament and Council on 27th November 2019 for the amendment of 93/13/EC of the Council and Directive 98/6/EC, 2005/29/EC and 2011/83/EC of the European Parliament and Council in accordance with the imposition and modernization of the rules of the Union, and the protection and the consumers.
3. **Employee:** An employee or former employee of the Group.
4. **Customer:** Any third party that purchases, may purchase, or has purchased a product or service from the Group, a supplier or business partner that is a natural person or any employee of a Customer, prospect Customer, supplier or business partner, including legal entities / private individuals (e.g., beneficiaries, mandated persons or legal representatives)
5. **Misleading advertisement:** Means any advertisement which in any way through its presentation, misleads or is likely to mislead the any person or specifically the persons to whom it is addressed and which, by reason of its deceptive nature, can influence their purchasing decisions or harms or is likely to harm a competitor.
6. **Unfair Practice:** Means giving inaccurate or misleading information that is therefore untrue or when, in any way, including how it is presented overall, it deceives or is likely to deceive the average Customer about certain items, even if the information is objectively correct, or when it prompts or may prompt the Customer to make a purchase decision that he would not have made otherwise.
7. **Vulnerable Groups of Customers:** Means customers which are defined as under vulnerable groups such as persons with disabilities whereby the BoC must ensure are being treated fairly and with respect. Please refer to the Circular on Accessibility Act (O.E 220).
8. **Greenwashing:** refers to a situation where the disclosed sustainability profile of an issuer or the characteristics of a financial product do not reflect the underlying sustainability risks and impacts. Greenwashing can be both intentional and unintentional and is generally identified as a type of misrepresentation, mislabeling and mis-selling issue.

4. GENERAL PRINCIPLES

The BoC Group places emphasis on:

1. Customer 's best interests and understanding their needs;
2. Products - design products with Customers' interests in mind, ensure the products sold are easy to explain, ensure products can be understood by Customers and are suitable for the Customer's needs;
3. Fair and transparent pricing in accordance with applicable laws and regulations and disclosure of fees and charges;
4. Appropriate Management of Conflicts of Interests;
5. Protecting Customer's Confidentiality;
6. Informing its employees about this policy and educating them on how to follow its aspects.

The general principles are:

A. Abusive Clauses

The BoC Group is not permitted to include any condition allowing it to unilaterally amend the terms of a contract without providing a valid explanation in any contracts it enters into with its Customers (including those involving loans, credit cards, overdrafts, etc.). This language is deemed abusive because it significantly distorts the rights and obligations of the parties under the contract, to the prejudice of the Customer. If the clause is abusive, the following criteria are considered:

- The nature, location, and length of the offensive practice;
- The potential use of threatening or offensive language or conduct;
- The potential for consumer exploitation;
- Any excessive non-contractual requirements imposed on the consumer who seeks to use his rights under the contract (such as to terminate the contract or switch to another).

Also it is important for key changes in pre-contractual information to include clear, understandable pre-contractual information using layering techniques to prioritize essential details while keeping additional information accessible and printable as a unified document.

It is noted that the customers have a right of withdrawal which provides them with a 14-day withdrawal period starting from contract conclusion or receipt of information, whichever is later. The withdrawal must be easy and clearly visible and available.

Additionally, adequate explanations mandate that BoC Group offers clear explanations before contract signing, ensuring consumers understand the financial service based on their knowledge and experience.

It is important to ensure that in-person assistance is available free of charge during business hours, especially when automated tools are used, so as to ensure that online interfaces for remote financial contracts are not designed or operated in misleading or manipulative ways toward customers.

B. Unfair Practices

The Law expressly states that unfair commercial practices are prohibited, i.e. a practice which:

- Is contrary to the standards of professional conscientiousness; and/or
- Distorts or may materially distort the financial behaviour of the average consumer to whom the product is addressed or for whom the product is designed, or of the average member of the group, where a commercial practice is directed at a particular group of consumers; and/or
- Is misleading, and/or abusive.
- Services are obtained freely and not be coerced.

Employees always treat Customers professionally, especially when making decisions about normal banking activities and the provision of goods and services. It is necessary to be kind and discreet when communicating with Customers. Every person who uses the BoC Group's services is bound to feel appreciated and helping them is a pleasure rather than merely a duty. Because they represent the BoC Group and its reputation, employees are required to constantly perform their duties objectively and to the best of their abilities. The BoC Group's professional value is increased by their deeds and the provision of high-quality services, which also improves the BoC Group's reputation.

Employees ask the following questions if they are unsure about what to do:

- Is what I'm doing or what I'm choosing safe and secure for our Customers and the BoC Group?
- What are the results? How would I justify my choice or action?
- Am I acting honestly, and are my customers and co-workers aware of this?
- Would I like being handled in this way?
- Is what I'm doing or choosing something I want other people to know?
- Would I be proud to show it off?
- Am I confident that my choice satisfies the necessary ethical requirements?
- Who can I turn to for advice if I'm unsure?

Under the realm of the unfair commercial practices, it is important to note that, as the digital services continues to expand, the BoC Group remains committed to safeguarding the interests of consumers engaging with digital channels. This includes:

- Ensuring the security and privacy of customer data in digital transactions.
- Providing clear and transparent information about digital services and any associated fees.
- Offering support and assistance for customers using digital channels, including help with navigating and using digital services.
- Implementing measures to prevent and address any unfair practices in digital channels

Additionally, further to the Accessibility of Products and Services Law of 2024²⁰²⁴, the BoC Group is committed to:

- Providing accessible services and products that meet the needs of all customers.
- Ensuring that communication and information are available in accessible formats.
- Offering additional support and assistance to customers who may require it due to their specific circumstances.

C. Misleading advertisements

In order to take all necessary precautions to prevent unfairness from impairing the interests of Customers, the BoC Group always maintains and operates efficient organizational and administrative structures. A new Product/Service is always designed and implemented in accordance with the New Products/Services Management Policy and Procedure as well as any applicable legal requirements. Additionally, misleading practices are always identified and avoided.

Unfair commercial practices focus on the impact on the average consumer targeted, requiring advertisements to be truthful and not misleading, considering the overall impression they create. Even hypothetically influencing consumer economic behaviour suffices to deem a practice unfair. Certain commercial practices, such as the advertising of loan products, are prohibited if they are deceptive, that is, if they contain inaccurate or false information, or if the information relates to: the existence or nature of the product; the product's key features; the scope of the borrower's commitments and/or the price or the existence of a particularly advantageous price.

In the instance the misinformation refers to environmental claims, it is called 'Greenwashing'. As per the Recital 16 of SFDR to prevent mis-selling and greenwashing, as well as to provide end investors with a better understanding of the effects of the exclusion strategies applied in certain financial products, the BoC Group reaffirms any commitment in terms of excluded investments, in particular as binding elements of the investment strategy, in information on asset allocation as well as in the information on sustainability indicators which are used to measure the effects of such strategies. In general, any greenwashing communication strategies adopted by the BoC Group ensures they are accurate and can clearly define what makes a product or service 'Green' and/or environmentally friendly through evidentiary support that is easy for Customers to access.

5. GOVERNANCE

Line Directors	Responsible to ensure that this Policy is followed throughout their Divisions.
Regulatory Compliance Department	Responsible for: <ul style="list-style-type: none"> • Updating this policy • Monitoring its high-level implementation. • Providing guidance, support and advice across the BoC Group for the implementation of this Policy. • Providing training to staff with regards to this policy in cooperation with the Human Resource Division.
Risk Management Division	Responsible for: <ul style="list-style-type: none"> • Evaluating all potential risks (internal and external) associated with the implementation of this policy. • Evaluating the type and degree of exposure to potential internal and external risks of BoC Group wrongdoing. The evaluation needs to be regular, thorough, and documented.
Internal Audit (IA)	<ul style="list-style-type: none"> • Responsible for providing independent and objective assurance to the BoD, through the AC, and to management, by assessing the effectiveness of governance, risk management, and control processes related to this policy. • Informs AC of its findings and relevant recommendations
Legal Services Department	Responsible for: <ul style="list-style-type: none"> • Providing legal advice to the BoC Group on relevant legislation, and for providing support, guidance and advice to Departmental Units in relation to legal issues and legal documentation. • Ensuring clauses in contracts avoid abusive language which goes against the Law and comply with the law.
People & Change Division	<ul style="list-style-type: none"> • Develops and implements Human Resources (HR) strategies. • Takes a leadership role in developing a high-performance culture that enables employees to perform in accordance with the Bank’s strategy and objectives. • Provides leadership in driving excellence in HR initiatives that support the company’s strategic plans and reinforce the Bank’s image as an employer of choice.
Corporate Affairs	Responsible for facilitating the overview of the M E-2 list under Circular O.E. 117 for advertisements to ensure relevant stakeholders ensure fairness is assured for advertisements.
Digital Sales & Business Development	Responsible for ensuring Digital Sales campaign material is complying with this policy and its procedures. This is ensured with the completion of ME-2 check list under Circular O.E. 117 and as per O.E.219

All Staff	Responsible for complying with this Policy and its procedures. If any employee becomes aware or suspects that an activity or conduct which has taken place could be unfair or misleading, then he/she has a duty to report it immediately.
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A. Roles and responsibilities

For the purpose of this Policy, the following major Roles & Responsibilities have been identified:

Board of Directors	Approves this policy. Bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top.
Audit Committee	Reviews and notes the policy and may provide some recommendations, if any, to the Board which bears responsibility for approval. Makes sure that sufficient, dependable, and secure internal procedures are in place to ensure that the BoC Group complies with the policy. Monitors the effective implementation of the Policy via the Control Functions
CEO	Ultimately responsible for bringing this Policy into force, ensuring it is followed throughout the BoC Group, and imposing any necessary corrective measures.

B. Supporting Documentation

All relevant written communication, acknowledgements, declarations, and any other material confirming compliance with the TCF Policy are properly maintained and archived.

6. EXCEPTION APPROVAL PROCESS

No exceptions can be given from adhering to this policy.

7. IMPLEMENTATION PROCEDURES (KEY PROCESSES)

The following are the Key Processes of this Policy:

1. Treating Customers Fairly policy outline the procedures which Employees, Management and Directors of the Bank adopt in order to evade involvement in the unfair treatment of customers, as well as mitigate risks related to consumer protection.
2. The annual e-learning training on the Treating Customers Fairly principles, which define consumer protection practices, further to the applicable legislation, for the purpose of avoiding the unfair treatment of customers.