

POLICY: GROUP BOARD NOMINATIONS POLICY

RC14.1.014

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Revision Table

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

The UK Code, the CSE Corporate Governance Code and the CBC Internal Governance Directive require the establishment of a formal, rigorous and transparent process for the appointment of new members to the Board of Directors.

The Group Board Nominations Policy describes a) the Board’s process for identifying director nominees b) the manner by which shareholders may recommend director nominees and c) 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 Boards of Directors of the Group in accordance with international best practices.

This Policy applies to the members of the Boards of Directors throughout the Group.

2. ABBREVIATIONS

Within this document, the following abbreviations are used:

Abbreviation	Definition
CBC	Central Bank of Cyprus
CGCO	Corporate Governance Compliance Officer
CSE	Cyprus Stock Exchange
NCGC	Nominations and Corporate Governance Committee
UK Code	UK Code of Corporate Governance
UKLA	FCA, acting as the UK Listing Authority

3. DEFINITION OF TERMS

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

1. **“Bank of Cyprus Group/BoC Group”**
Means the Bank of Cyprus Ltd and its subsidiaries.

4. GENERAL PRINCIPLES

In coordination with the Corporate Governance Compliance Officer of the Group, the NCGC assesses periodically, and at least annually: (a) the skills, knowledge, experience, diversity and independence of the Board of Directors collectively and individually, taking into account the challenges and opportunities facing the Group and (b) the structure, size and composition and performance of the Board and of each Board Committee, including so as to ensure that there is an appropriate mix of executive and non-executive directors, that there is appropriate gender diversity, that no individual or small group of individuals can dominate Board decision-making and that there is progressive refreshment of the Board (together the “Assessment”).

The Bank of Cyprus Group 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. A diverse Board includes and makes good use of differences in the skills, regional and industry experience, background, race, age, gender, personal attributes and other distinctions between 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.

In the light of the latest Assessment, any relevant aspects of the latest Board evaluation, the Company’s succession planning and recommendations from the NCGC (together, the “Relevant Considerations”), the Board of Directors decides in relation to the need for the appointment of new Directors 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.

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, including (i) in the case of a non-executive Director, the time commitment expected recognising the need for availability in the event of a crisis), (ii) in relation to appropriate commercial and functional experience and (iii) in the light of the Relevant Considerations (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, and then 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 Group’s activities and related risks. In addition, the Committee shall take into account the following criteria, which form part of the Group Suitability Policy:

- a) **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.
- b) **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.

- c) **Education and Knowledge.** Each director nominee shall be of a professional and educational background that enables him/her to have a general appreciation of the major issues facing banks. Such issues include corporate governance issues, regulatory obligations of a public issuer, human resources, technology, climate related and environmental risks and strategic business planning.
- d) **Commitment.** Each director nominee 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.
- e) **Representation of Shareholders.** Each director nominee must be prepared to represent the best interests of the Bank and its shareholders and must be committed to enhancing shareholder value.
- f) **Independence.** A majority of the directors shall be independent directors in accordance with the CSE, CBC and UK Code requirements as well as such other standards as the Board may adopt from time to time.
- g) **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 Committee and must have significant, recent and relevant financial experience.
- h) **Skills.** Directors should have expertise in one or more of the following areas: accounting and finance, technology, management, international business, compensation, corporate governance, strategy, industry knowledge and general business matters and should possess adequate skills and expertise to fully understand the risk strategy and the risk appetite of the Group as well as its risk management and control practices. In addition, at least one director shall possess appropriate knowledge and expertise on Human Resources and remuneration issues.
- 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 and maintain 40% representation of female non-executive members by 2027 or 33% representation of female overall members, are met.
- 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 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 A, not less than six (6) days nor more than twenty-one (21) days prior to the Annual General Meeting of shareholders. Completed Nomination Forms shall be sent to:

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

The NCGC:

- Reviews and assesses Board composition while considering the benefits of all aspects of diversity including, but not limited to, those described in 3 above, in order to maintain an appropriate range and balance of skills, experience, knowledge and character on the Board;
- Recommends the appointment of new Directors by considering candidates based on merit and with due regard for the benefits of diversity (including gender) on the Board;
- 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
- 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.
- 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. **Past Performance.** With respect to current directors, the NCGC shall consider the latest evaluation of Board performance and effectiveness.
 - c. **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.
 - d. **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 director 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 competent authorities and as a means to ensure compliance with relevant procedures.

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 of Directors 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 of Directors 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 selected candidate for appointment as Director will be submitted by the CGCO to CBC and the ECB for their approval/consent, as required by regulatory arrangements. Once the CBC/ECB consent for the appointment is received, the Chairperson of the Board sends an appointment letter (attached as Appendix B) 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

N/A

5.3 Reporting

As part of the Committee's annual review of the structure, size and composition of the Board, the Committee 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 Group's Nomination 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

Director Nomination Form

Date:
Company Secretary
Bank of Cyprus Public Co Ltd
51 Stassinou Str., 2002 Strovolos,
Nicosia
Cyprus

I, the undersigned member of the company, give you notice of my intention to propose of, for appointment to the office of director at the next general meeting of the company convened 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:

Has the Candidate agreed to abide by all the requirements for membership on the Board of Directors set forth in the Group Nominations Policy:

Candidate's Contact Information:

Address:

E-mail address:

Phone Number:

Fax number:

Please 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.



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 B

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 Board Manual, 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