



ALPHA  
SERVICES AND HOLDINGS

**Suitability and Nomination Policy  
for the Members of the Board of Directors**

**JUNE 2021**

## Preamble

The Suitability and Nomination Policy for the Members of the Board of Directors (hereinafter the “**Policy**”) is a document of Alpha Services and Holdings S.A. (hereinafter the “Company”) that sets the principles and the framework for the selection, appointment, re-appointment and replacement of Members of the Board of Directors as well as the criteria to be used in the assessment.

The Policy complies with the legislative and regulatory framework in force, including the relevant Joint ESMA and EBA Guidelines on “the assessment of the suitability of members of the management body and key function holders” (hereinafter the “**ESMA/EBA Guidelines**”), the ECB Guide to fit and proper assessments as well as with European best practices in corporate governance. It also meets the requirements stipulated in the Relationship Framework Agreement (RFA) with the Hellenic Financial Stability Fund (HFSF).

### 1. Objectives

The objectives of the Policy are to:

- 1.1. Set general principles that provide guidance to the Corporate Governance and Nominations Committee (hereinafter the “**CGNC**”) and its Chair on selecting, vetting and proposing candidates to the Board of Directors as well as replacing and renewal Members of the Board of Directors.
- 1.2. Set criteria, including diversity criteria, for the selection and suitability assessment of Board of Directors candidates.
- 1.3. Set criteria for the assessment of the ongoing individual suitability of the Members of the Board of Directors as well as the collective suitability of the Board of Directors.
- 1.4. Establish a transparent, effective and time-efficient suitability and nomination process.

### 2. General Principles

#### 2.1. Compliance

The Policy is designed to meet the legislative and regulatory requirements to which the Company is subject.

#### 2.2. Responsibility of the Board of Directors and of the CGNC in the Suitability and Nomination Process

According to regulatory guidance and best practices, the Board of Directors, through its CGNC, is responsible for initiating, guiding and coordinating the suitability and nomination process, with no prejudice against shareholder rights. The CGNC has an advisory role to the Board of Directors, identifying candidates that, in its opinion, fit the relevant nomination criteria. The CGNC proposals are submitted to the Board of Directors for review and final submission to the General Meeting of Shareholders (hereinafter the “**GMS**”). The CGNC may also advise, via the Board of Directors, other parties with rights to appoint Members of the Board of Directors (such as the HFSF) on the suitability of proposed candidates. The authority for the final election of Members of the Board of Directors always rests with the GMS or with other parties defined by law.

### 2.3. **Suitability of Nominees**

The CGNC will not propose candidates which it deems not suitable to become Members of the Board of Directors according to the criteria set out in the applicable regulatory framework and this Policy. Suitability is determined in relation to the Policy's criteria for candidates (fit and proper and general suitability) and current composition needs. For the purposes of this Policy, it is defined as the degree to which an individual is deemed to have good repute and to have, individually and collectively with other individuals, adequate knowledge, skills and experience to perform his/her duties and a clear understanding of the Company's culture, values and overall strategy. Suitability also covers the honesty, integrity and independence of mind of each individual and his or her ability to commit sufficient time to perform his or her duties.

Further to the above, where Members of the Board of Directors do not fulfil the requirements set out, the European Central Bank in the framework of the Single Supervisory Mechanism (hereinafter the "**competent authority**") shall have the power to remove such Members from the Board of Directors. The competent authority shall in particular verify whether the requirements set out are still fulfilled where it has reasonable grounds to suspect that money laundering or terrorist financing is being or has been committed or attempted, or there is increased risk thereof in connection with the Company.

### 2.4. **Gender Diversity**

Through its nomination proposals, the CGNC ensures that the gender diversity objectives of the Board of Directors are prioritized, in accordance with the Diversity Policy of the Company. The female gender representation on the Board should be at least 30% within the next three years. If this number is a fraction, then it is rounded down to the next lower integer.

### 2.5. **General Diversity and Inclusiveness**

In accordance with its Diversity Policy, the Company:

- i. respects and defends the diversity irrespective of gender, age, nationality, marital status, sexual orientation, genetic features, disability, race, color, religious or political affiliation, ethnic or social origin, citizenship or any other aspect unrelated to employment,
- ii. recognizes the need for diversity pertaining to skills, background, knowledge and experience in order to facilitate constructive discussion and independent thinking, and
- iii. respects the principle of equal opportunities for any gender and takes measures to improve a more gender balanced composition of staff in management positions in order to ensure that there is overall a more gender balanced pool of candidates for positions within the Board of Directors.

In order to fulfill its role of maintaining the collective suitability of the Board of Directors, the CGNC will strive to review candidates proposed by the HFSF, even if these parties are not bound to adhere to such a review.

### 2.6. **Continuity and Renewal**

The Company needs continuity and adequate institutional knowledge at Board level. To this effect, the Policy provides for the possibility to nominate candidates for more than one tenure.

### 2.7. **Setting Objectives of Induction and Training**

According to the Induction and Training Policy for the Members of the Board of Directors, the Company provides for the induction of Members of the Board of Directors to facilitate their clear understanding of the Company's structure, business model, risk profile and governance arrangements as well as the role of the Member(s) within them, to facilitate their clear understanding of the international, European and national economic and regulatory developments in the financial sector and their impact on the Company and to improve their skills, knowledge or competence to fulfil their responsibilities on an ongoing or on an ad hoc

basis. It also provides for relevant general and, as appropriate, individually-tailored training programs. Training should also promote the Members' awareness regarding the benefits of diversity in the Board of Directors and the Company. The Company allocates sufficient resources for the induction and training of the Members of the Board of Directors individually and collectively.

## **2.8. Succession Planning**

The Board of Directors ensures the appropriate succession planning, for the smooth continuation of the management of the Company's affairs and of the decision-making after the departure of a Member of the Board of Directors, especially in case of an Executive Member or/and a Member of a Committee according to the Succession Policy of the Company.

## **3. Suitability and Nomination Criteria**

### **3.1. General Provisions**

In order to be considered as a suitable candidate by the Board of Directors and its CGNC, the prospective nominee must: meet the fit and proper requirements, meet individual and collective suitability requirements, have no systematic conflict of interests with the Company, be able to devote sufficient time to the Board of Directors. All nominees must submit a declaration that they meet the relevant requirements.

### **3.2. Ethical Standards and Trust**

The candidate should be committed to the highest ethical standards and has to have demonstrated integrity in all his/her previous and/or current business or other public commitments. The CGNC shall ensure that all internal candidates have an excellent track record in this respect.

### **3.3. Reputation, Honesty and Integrity**

3.3.1. A Member of the Board of Directors shall be deemed to be of good repute and of honesty and integrity if there are no objective and demonstrable grounds to suggest otherwise, in particular taking into account the relevant available information on the factors or situations listed in paragraphs 3.3.2 to 3.3.4. The assessment of reputation, honesty and integrity shall also consider the impact of the cumulative effects of minor incidents on a Member's reputation.

3.3.2. Without prejudice to any fundamental rights, any relevant criminal or administrative records should be taken into account for the assessment of good repute, honesty and integrity, considering the type of conviction or indictment, the role of the individual involved, the penalty received, the phase of the judicial process reached and any rehabilitation measures that have taken effect. The surrounding circumstances, including mitigating factors, the seriousness of any relevant offence or administrative or supervisory action, the time elapsed since the offense, the Member's conduct since the offense or action and the relevance of the offense or action to the Member's role should be considered. Any relevant criminal or administrative records should be taken into account, considering periods of limitation in force in the national law.

3.3.3. Without prejudice to the presumption of innocence applicable to criminal proceedings, and other fundamental rights, at least the following factors should be considered in the assessment of reputation, honesty and integrity:

- a. convictions or ongoing prosecutions for a criminal offense, in particular:
  - i. offenses under the laws governing financial activities or concerning securities markets or financial instruments, including laws on money laundering and terrorism financing or any of the predicate offences to ML, corruption, market manipulation or insider dealing and usury;
  - ii. offenses of dishonesty, fraud or other financial crime;
  - iii. tax offenses whether committed directly or indirectly, including through illicit dividend arbitrage schemes; and

- iv. other offenses under legislation relating to companies, bankruptcy, insolvency or consumer protection;
- b. other relevant current or past findings and measures taken by any regulatory or professional body for non-compliance with any relevant provisions governing financial, securities or insurance activities or any of the matters in paragraph a. above.

3.3.4. A Member of the Board of Directors shall uphold high standards of integrity and honesty. At least the following factors should also be considered in the assessment of reputation, honesty and integrity:

- a. any evidence that the person has not been transparent, open, and cooperative in his/her dealings with the competent authorities;
- b. refusal, revocation, withdrawal or expulsion of any registration, authorization, membership, or license to carry out a trade, business or profession;
- c. the reasons for any dismissal from employment or from any position of trust, fiduciary relationship, or similar situation, or for having been asked to resign from employment in such a position;
- d. disqualification by any relevant competent authority from acting as a Member of the Board of Directors, including persons who effectively direct the business of an entity; and
- e. any other evidence or serious allegation based on relevant, credible and reliable information that suggests that the person acts in a manner that is not in line with high standards of conduct.

#### **3.4. Lack of Political Affiliations**

Board nominees are required not to hold or to have held, in the past four years prior to appointment, an important public office such as Head of State or Prime Minister, a senior political office, a senior government, judicial or military office or important positions such as managers of public corporations or senior political party members.

#### **3.5. Time Commitment**

3.5.1. The CGNC shall assess whether or not a Member of the Board of Directors is able to commit sufficient time to perform his/her functions and responsibilities, including understanding the business of the Company, its main risks and the implications of the business and the risk strategy.

3.5.2. Members should also be able to fulfill their duties in periods of particularly increased activity, such as restructuring, a relocation of the Company, an acquisition, a merger, a takeover or a crisis situation, or as a result of some major difficulty with one or more of its operations, taking into account that in such periods a higher level of time commitment than in normal periods may be required.

3.5.3. In the assessment of sufficient time commitment of a Member, at least the following shall be taken into account:

- a. the number of directorships in financial and non-financial companies held by that Member at the same time, taking into account possible synergies when they are held within the same group, including when acting on behalf of a legal person or as an alternate of a Member of the Board of Directors;
- b. the size, nature, scope and complexity of the activities of the entity where the Member holds a directorship and, in particular, whether or not the entity is a non-EU entity;
- c. the Member's geographical presence and the travel time required for the role;
- d. the number of meetings scheduled for the Board of Directors;

- e. the directorships in organizations which do not pursue predominantly commercial objectives held by that Member at the same time;
- f. any necessary meetings to be held, in particular, with competent authorities or other internal or external stakeholders outside the Board of Director's formal meeting schedule;
- g. the nature of the specific position and the responsibilities of the Member, including specific roles such as CEO, chairperson or chair or member of a committee, whether the Member holds an executive, non-executive position, and the need of that Member to attend meetings in the companies listed in point a. and in the Company;
- h. other external professional or political activities, and any other functions and relevant activities, both within and outside the financial sector and both within and outside the EU;
- i. the necessary induction and training;
- j. any other relevant duties of the Member that the Company considers to be necessary to take into account when carrying out the assessment of sufficient time commitment of a Member; and
- k. available relevant benchmarking on time commitment.

3.5.4. Members of the Board of Directors should be made aware of the expected time commitment required to spend on his/her duties and they should confirm that they can devote that amount of time to the role.

3.5.5. The CGNC shall monitor whether the Members of the Board of Directors commit sufficient time to perform their functions. Preparation for meetings, attendance and the active involvement of Members in the Board of Directors meetings are all indicators of time commitment.

3.5.6. The CGNC shall also consider the impact of any long-term absences of Members of the Board of Directors in its assessment of the sufficient time commitment of individual Members of the Board of Directors.

3.5.7. The CGNC shall keep records of all the external professional and political positions held by the Members of the Board of Directors. Such records shall be updated whenever a Member notifies the Company of a change and when such changes come to the attention of the Company otherwise. Where changes to such positions occur, that may reduce the ability of a Member of the Board of Directors to commit sufficient time to perform his/her duties, the CGNC shall reassess the Member's ability to respect the required time commitment for his/her position.

3.5.8. The Members of the Board of Directors must not hold more than one of the following combinations of directorships in groups other than the Alpha Services and Holdings Group at the same time: (a) one executive directorship with two non-executive directorships; (b) four non-executive directorships. Positions within the same group of companies do not count as distinct positions. Directorships in organizations which do not pursue predominantly commercial objectives shall not count. The competent authorities may authorize Members of the Board of Directors to hold one additional non-executive directorship.

### **3.6. Adequate Knowledge, Skills and Experience**

3.6.1. The Members of the Board of Directors shall have:

- a. an up-to-date understanding of the business of the Company and its risks, at a level commensurate with their responsibilities, including an appropriate understanding of those areas for which an individual Member is not directly responsible but is collectively accountable together with the other Members of the Board of Directors; and

- b. a clear understanding of the Company's governance arrangements, their respective role and responsibilities and, where applicable, the group structure and any possible conflicts of interest that may arise therefrom. Members of the Board of Directors shall be able to contribute to the implementation of an appropriate culture, corporate values and behavior within the Board of Directors and the Company.

In particular the Members of the Board of Directors that are responsible for the implementation of laws and regulations shall have adequate knowledge, skills and experience regarding ML/TF risk identification and assessment, and AML/CFT policies, controls and procedures. They should have a good understanding of the Company and its business model, and the extent to which this exposes the Company to ML/TF risks.

3.6.2. In this respect, the assessment of adequate knowledge, skills and experience should consider:

- a. the role and duties of the position and the required capabilities;
- b. the knowledge and skills attained through education, training and practice;
- c. the practical and professional experience gained in previous positions; and
- d. the knowledge and skills acquired and demonstrated by the professional conduct of the Member of the Board of Directors.

3.6.3. To properly assess the skills of the Members of the Board of Directors, the CGNC shall consider using the non-exhaustive list of relevant skills set out in Annex II of the ESMA/EBA Guidelines, taking into account the role and duties of the position occupied by the Member of the Board of Directors.

3.6.4. The level and profile of the education of the Member and whether or not it relates to financial services or other relevant areas should be considered. In particular, without prejudice to the legislative provisions in force, education in the areas of banking and finance, economics, law, accounting, auditing, administration, financial regulation, human capital, human resources management, information technology, ESG (environment, social and governance) issues and quantitative methods are considered to be relevant for the financial services sector.

3.6.5. The assessment shall not be limited to the educational degree of the Member or proof of a certain period of service. A more thorough analysis of the Member's practical experience, i.e. the knowledge and skills gained from previous occupations, should be conducted, taking into account length of service, the size of the entity, responsibilities held, number of subordinates, the nature of activities carried out and the actual relevance of experience gained.

3.6.6. When assessing the knowledge, skills and experience of a Member of the Board of Directors, consideration shall be given to theoretical and practical experience relating to:

- a. the financial sector;
- b. legal requirements and regulatory framework [understanding of the financial regulatory environment, of corporate governance matters, and of a company's and a board's legal responsibilities];
- c. strategic planning, the understanding of a company's business strategy or business plan and accomplishment thereof, including the ability to analyze economic context, trends and provide long-term perspective for business planning purposes;
- d. risk management (identifying, assessing, monitoring, controlling and mitigating the main types of risk facing a company);
- e. accounting and auditing;
- f. the assessment of the effectiveness of a company's arrangements, ensuring effective governance, oversight and controls;
- g. the interpretation of a company's financial information, the identification of key issues based on this information, and appropriate controls and measures; and
- h. asset management, private equity, insurance and rating agencies working on financial institutions.
- i. ESG (Environmental, Social and Governance).

3.6.7. The Nominees for an Executive Board Member position must, in addition to the general suitability criteria, be in or be willing to enter into a full-time employment or service contract with the Company. They have to have proved in their current and previous executive positions that they possess the knowledge, skills, experience and character as Executives to lead the Company (and the Group) in the achievement of its strategic objectives.

3.6.8. The Executive Members of the Board of Directors shall have gained sufficient practical and professional experience from a managerial position over a sufficiently long period. Short-term positions may be considered as part of the assessment, but such positions alone shall not be sufficient to assume that a Member has sufficient experience. When assessing the practical and professional experience gained from previous positions, particular consideration shall be given to:

- a. the nature of the management position held and its hierarchical level;
- b. the length of service;
- c. the nature and complexity of the business where the position was held, including its organizational structure;
- d. the scope of competencies, decision-making powers, and responsibilities of the Member;
- e. the technical knowledge gained through the position; and
- f. the number of subordinates.

3.6.9. The Non-Executive Members of the Board of Directors shall be able to provide constructive challenge to the decisions and effective oversight of the Executive Members of the Board of Directors. Adequate knowledge, skills and experience for fulfilling the supervisory function effectively may have been gained from relevant academic or administrative positions or through the management, supervision or control of financial institutions or other firms.

### **3.7. Independence of the Board of Directors**

Through its nomination proposals, the CGNC ensures that the majority of the Non-Executive Members are independent under the definition of the law and in accordance with the applicable regulatory framework and that there is an adequate process in place for the Shareholders to appoint the Non-Executive Independent Members, as required by the legislative and regulatory framework.

### **3.8. Financial Sector Expertise**

Through its nomination proposals, the CGNC ensures that a significant percentage of Non-Executive Members have extensive, recent experience in working for companies or other financial institutions as members of senior management or as members of the Board of Directors.

### **3.9. Independence of Mind**

3.9.1. The CGNC will base its proposals on its collective and independent judgement. It will also take into consideration the views and opinions expressed by Shareholders and Stakeholders of the Company.

3.9.2. All Members of the Board should actively participate in meetings and make their own sound, objective and independent decisions and judgments in the performance of their duties.

3.9.3. When assessing the independence of mind, the CGNC shall assess whether or not all Members of the Board of Directors have:

- a. the necessary behavioral skills, including:
  - i. courage, conviction and strength to effectively assess and challenge the proposed decisions of other Members of the Board of Directors;
  - ii. being able to ask questions to the Executive Members of the Board of Directors; and
  - iii. being able to resist “group-think”.

- b. conflicts of interest, to an extent that would impede the Members' ability to perform their duties independently and objectively.

3.9.4. When assessing the existence of conflicts of interest, the Company shall identify actual or potential conflicts of interest in accordance with the Policy on the Prevention of Conflict of Interests and assess their materiality. At least the following situations that could create actual or potential conflicts of interests should be considered:

- i. economic interests (e.g. shares, other ownership rights and memberships, holdings and other economic interests in commercial Customers, intellectual property rights, loans granted by the Company to a company owned by Members of the Board of Directors);
- ii. personal or professional relationships with the owners of qualifying holdings in the Company;
- iii. personal or professional relationships with Personnel of the Company or with entities included within the scope of prudential consolidation (e.g. close family relationships);
- iv. other employments and previous employments within the recent past (e.g. during the last five years);
- v. personal or professional relationships with relevant external stakeholders (e.g. being associated with material suppliers, consultancies or other service providers);
- vi. membership in a body or ownership of a body or entity with conflicting interests;
- vii. political influence or political relationships including in situations where a Member of the Board of Directors is a Politically Exposed Person.

3.9.5. All actual and potential conflicts of interest at Board of Directors level shall be adequately communicated, discussed, documented, resolved upon and duly managed by the Board of Directors (i.e. the necessary mitigating measures shall be taken). A Member of the Board of Directors shall abstain from voting on any matter where that Member has a conflict of interest.

The CGNC (and the Board of Directors) shall ensure that candidates' personal, business or professional interests and affiliations do not conflict with those of the Company and the Group in accordance with the Company's Policy on the Prevention of Conflict of Interests.

### 3.10. **Collective Suitability Criteria**

3.10.1. The Board of Directors shall collectively be able to understand the Company's activities, including the main risks, and the Members of the Board of Directors shall collectively be able to take appropriate decisions considering the business model, risk appetite, strategy and markets in which the Company operates.

3.10.2. The composition of the Board of Directors shall reflect the knowledge, skills and experience necessary to fulfill its responsibilities. This includes that the Board of Directors collectively has an appropriate understanding of those areas for which the Members are collectively accountable, and the skills to effectively manage and oversee the Company, including the following aspects:

- a. the business of the Company and the main risks related to it;
- b. each of the material activities of the Company;
- c. strategic planning;
- d. relevant areas of sectoral/financial competence, including financial and capital markets, solvency and models;
- e. financial accounting and reporting;
- f. risk management, compliance, internal audit and internal control;
- g. information technology and security;
- h. local, regional and global markets, where applicable;

- i. the legal and regulatory environment;
- j. corporate governance;
- k. managerial skills and experience;
- l. the ability to plan strategically;
- m. the management of (inter)national groups and risks related to group structures, where applicable;
- n. ESG (environment, social and governance) issues,
- o. adequate gender representation.

#### **4. Assessment of the Suitability of Individual Members of the Board of Directors**

- 4.1. The Members of the Board of Directors should demonstrate their suitability by providing at least the documentation that is required by the competent authorities for the assessment of suitability.
- 4.2. As part of the assessment of the suitability of an individual Member of the Board of Directors, the Company should:
- a. gather information on the Member's suitability through various channels and instruments (e.g. diplomas and certificates, recommendation letters, curricula vitae, interviews, questionnaires);
  - b. gather information on the reputation, integrity and honesty as well as the independence of mind of the assessed individual including assess whether there are reasonable grounds to suspect that ML/TF is being or has been committed or that the risk thereof could be increased;
  - c. gather information on the independence of mind of the assessed individual;
  - d. require the assessed individual to verify that the information provided is accurate and to provide proof of information, where necessary;
  - e. require the assessed individual to declare any actual and potential conflicts of interest;
  - f. validate, to the extent possible, the correctness of the information provided by the assessed individual;
  - g. evaluate within the CGNC the assessment results; and
  - h. where necessary, adopt corrective measures to ensure the individual suitability of the Members of the Board of Directors.
- 4.3. Where there is a matter which causes concerns about the suitability of a Member of the Board of Directors, an assessment of how this concern affects that person's suitability should be undertaken. In this assessment the Company shall take into account the existence of reasonable grounds to suspect that ML/TF is being or has been committed or attempted that the risk thereof could be increased.
- 4.4. A description should be documented of the position for which an assessment was performed, including the role of that position within the Company, and should specify the results of the suitability assessment in relation to the following criteria, taking into account the applicable legislative and regulatory framework:
- a. sufficient time commitment;
  - b. compliance of Members of the Board of Directors that hold a directorship in a significant institution with the limitation of directorships;
  - c. sufficient knowledge, skills and experience;
  - d. reputation, honesty and integrity; and
  - e. independence of mind.

#### **5. Assessment of the Collective Suitability of the Board of Directors**

- 5.1. When assessing the collective suitability of the Board of Directors, the Company should assess the composition of the Board of Directors taking into account the legislative and regulatory framework. The assessment of collective suitability should provide a comparison between the actual composition of the Board of Directors and the Board of Director's actual collective knowledge, skills and experience, and the required collective suitability.

- 5.2. An assessment of the collective suitability of the Board of Directors is performed by using an individual self-assessment questionnaire which is completed by each Member of the Board of Directors based on the criteria listed in the Joint ESMA/EBA Guidelines. The CGNC completes the Collective Suitability Matrix of the Joint ESMA/EBA Guidelines after using selected information from the individual self-assessment questionnaires.
- 5.3. When assessing the suitability of an individual Member of the Board of Directors, the Company should, within the same time period, also assess the collective suitability of the Board of Directors as well as whether or not the overall composition of the specialized Committees of the Board of Directors is adequate. In particular, it should be assessed what knowledge, skills and experience the individual brings to the collective suitability of the Board of Directors and whether the overall composition of the Board of Directors reflects an adequately broad range of experience.
- 5.4. When assessing the collective suitability the Company should assess whether the Board of Directors through its decisions has demonstrated a sufficient understanding of ML/TF risks and how these affect the Company's activities, and has demonstrated appropriate management of these risks, including corrective measures where necessary.

## **6. Ongoing Monitoring and Re-Assessment of the Individual and Collective Suitability of the Members of the Board of Directors**

- 6.1. The ongoing monitoring of the individual or collective suitability of the Members of the Board of Directors should focus on whether the individual Member or the Members collectively remain suitable, taking into account the individual or collective performance and the relevant situation or event which caused a re-assessment and the impact it has on the actual or required suitability.
- 6.2. The CGNC assesses or re-assesses the collective and individual suitability of the Members of the Board of Directors in the following cases:
  - a. when there are concerns regarding the individual or collective suitability of the Members of the Board of Directors;
  - b. in the event of a material impact on the reputation of a Member of the Board of Directors or the Company, including cases where Members do not comply with the Policy on the Prevention of Conflict of Interests;
  - c. where there are reasonable grounds to suspect that money laundering or terrorist financing has been or is being committed or attempted or there is an increased risk thereof in connection with the Company and in particular in situations where the Company:
    - i. has been used for ML/TF purposes;
    - ii. has been found to be in breach of its AML/CFT obligations in the home or host Member State or in a third country;
    - iii. has materially changed its business activity or business model in a manner that suggests that its exposure to ML/TF risk has significantly increased.
  - d. as part of the review of the internal governance arrangements by the Board of Directors;
  - e. in any event that can otherwise materially affect the suitability of the Member of the Board of Directors;
  - f. when material changes to the composition of the Board of Directors occur, including:
    - i. when appointing new Members of the Board of Directors, e.g. as a result of a direct or indirect acquisition or increase of a qualifying holding in the Company;
    - ii. when re-appointing Members of the Board of Directors, if the requirements of the position have changed or if the Members are appointed to a different position within the Board of Directors;

- iii. when appointed or re-appointed Members cease to be Members of the Board of Directors.
  - g. when there is a material change to the Company's business model, risk appetite, strategy or structure at individual or Group level;
  - h. on an ongoing basis.
- 6.3. The CGNC assesses, in particular, whether or not the Members:
- a. are of sufficiently good repute;
  - b. possess sufficient knowledge, skills and experience to perform their duties;
  - c. are able to act with honesty, integrity and independence of mind to effectively assess and challenge the decisions and proposals of the Executive Members and to effectively oversee and monitor Management decision-making;
  - d. are able to commit sufficient time to perform their functions in the Company and whether or not the limitation of directorships is being complied with.
- 6.4. The CGNC, when re-assessing the individual or collective performance of the Members of the Board of Directors, shall consider in particular:
- a. the efficiency of the Board of Directors' working processes, including the efficiency of information flows and reporting lines taking into account the input from internal control functions and any follow-up or recommendations made by those functions;
  - b. the effective and prudent management, including whether or not the Board of Directors acted in the best interest of the Company including in relation to the fight against money laundering and terrorist financing;
  - c. the ability of the Board of Directors to focus on strategically important matters;
  - d. the adequacy of the number of meetings held, the degree of attendance, the appropriateness of time committed and the intensity of the Members' involvement during the meetings;
  - e. any changes to the composition of the Board of Directors and any weaknesses with regard to individual and collective suitability, taking into account the Company's business model and risk strategy and changes thereto;
  - f. any performance objectives set for the Company and the Board of Directors;
  - g. the independence of mind of Members of the Board of Directors, including the requirement that decision-making should not be dominated by any one individual or small group of individuals and the compliance of Members of the Board of Directors with the Policy on the Prevention of Conflict of Interests;
  - h. the degree to which the composition of the Board of Directors has met the objectives set in the Diversity Policy;
  - i. any events that may have a material impact on the individual or collective suitability of the Members of the Board of Directors, including changes to the Company's business model, strategy and organization; and
  - j. reasonable grounds to suspect that money laundering or terrorist financing is being or has been committed or attempted or other financial crimes, or there is an increased risk thereof, including following such adverse findings made by the internal or external auditors or competent authorities regarding the adequacy of the Company's AML/CFT systems and controls.
- 6.5. The collective and individual suitability assessment of the Members of the Board of Directors is carried out at least annually by internal means and, where appropriate, every third year by appointing an external consultant to act as facilitator.

## **7. Corrective Measures**

- 7.1. Where there is a matter which causes concerns about the suitability of a Member of the Board of Directors, an assessment of the way in which these concerns affect that person's suitability should be undertaken.

- 7.2. If the assessment or re-assessment concludes that a person is not suitable to be appointed as a Member of the Board of Directors, that person should not be appointed or if the Member has already been appointed, the Board of Directors should proceed with the termination of the Member's tenure and his/her replacement within three months. With the exception of criteria relevant to the assessment of reputation, honesty and integrity, if the assessment or re-assessment identifies easily remediable shortcomings in the Member's knowledge, skills and experience, appropriate corrective measures should be taken to overcome those shortcomings in a timely manner.
- 7.3. If the assessment or re-assessment concludes that the Board of Directors is not collectively suitable, appropriate corrective measures should be taken to overcome the identified shortcomings in a timely manner.
- 7.4. Appropriate corrective measures may include, but are not limited to:
  - a. adjusting responsibilities between Members of the Board of Directors;
  - b. replacing certain Members;
  - c. recruiting additional Members;
  - d. taking possible measures to mitigate conflicts of interest;
  - e. training individual Members or
  - f. training the Board of Directors collectively to ensure the individual and collective suitability of the Board of Directors.
- 7.5. In any case, the competent authorities should be informed without delay of any material shortcomings identified concerning any of the Members of the Board of Directors and the Board of Directors' collective composition. The information should include the measures taken or envisaged to remedy those shortcomings and the timeline for their implementation.

## **8. Monitoring and Review of the Policy**

- 8.1. Any deviation from the requirements of this Policy should be specifically justified by the CGNC to the Board of Directors when making its candidate recommendations.
- 8.2. The Policy is monitored and reviewed annually by the CGNC, approved by the Board of Directors and submitted for approval to the General Meeting of Shareholders. Any amendment to the Policy is approved by the Board of Directors and in case they are material they are submitted for approval to the General Meeting of Shareholders. The Policy and every material amendment thereto enters into force from the approval thereof by the General Meeting. Material are the amendments that provide for derogations or significantly change the content of the Suitability and Nomination Policy in particular as to the applied general principles and criteria.
- 8.3. In preparing, amending or reviewing the Policy, the Corporate Governance and Nominations Committee and the Board of Directors shall take into account recommendations or findings of other Board Committees and competent Departments, especially the internal control functions. Internal control functions should provide effective input to the review of the Suitability and Nomination Policy in accordance with their roles. Notably, the Compliance Division should analyse how the Suitability and Nomination Policy affects the Company's compliance with legislation, regulations, internal policies and procedures, and should report all identified compliance risks and issues of non-compliance to the CGNC.