

PIRAEUS BANK



**INFORMATION ON THE RESPONSIBILITIES AND THE  
OPERATION OF THE BOARD OF DIRECTORS  
COMMITTEES**

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## **Audit Committee**

### **1. Mission**

The purpose of the Audit Committee (hereinafter “the Committee”) is to provide assistance to the Board of Directors (BoD) in order to perform its supervisory duties, for the issues concerning primarily:

- the Group’s Internal Audit System,
- the procedures of preparation of the annual and interim financial reports,
- the statutory auditors,
- the Internal Audit Department,
- the monitoring and evaluation of the Compliance’s audit work and, specifically, in regard to the sectors of Money Laundering, Terrorist Financing (ML/TF) and MIFID and
- the compliance with the Group’s Code of Conduct.

The Chairman of the Committee informs the BoD at its meetings about the Committee’s work. The Audit Committee communicates with the Management through the Chairman of the Audit Committee.

The Bank’s BoD authorizes the Committee within the framework of its role and responsibilities to:

- Request any type of information or assistance that it deems necessary for the exercise of its responsibilities from:
  - any collective body, officer or employee of the Group,
  - any third party collaborating with the Bank
  - any competent Authority
- Request the presence at the meetings of any officer or employee of the Group or any third-party collaborating with the Bank, if deemed necessary.
- Have access to any type and form of data and information of the Group, considered to be necessary for performing its work.
- Use any sources or means, even the collaboration with external associates, if deemed necessary for performing its work.
- Informs the BoD about any restriction encountered in its work.

### **2. Meetings – Decision-making procedure**

The Committee convenes, at least, four times a year, within each calendar quarter. Additional meetings may be held, when deemed necessary.

Each member of the Committee has the right to request, by addressing the Chairman of the Committee or the Chairman of the BoD in writing, the convocation of Committee in order for specific items to be discussed. Such right is also granted to the BoD’s Chairman, the Managing Director and CEO of the Group as well as to the Head of the Internal Audit Department and the external auditors.

The Committee is assisted by the Executive Secretary and a Secretary, who are appointed by the Committee. Declarations regarding the Bank’s Code of Conduct and the investment positions and describing the liabilities and limitations to which the member is subject due to his position, is given to each member from the Executive Secretary upon assuming office. After the text of declarations has been signed by the member of the Committee, it is filed with the Executive Secretary of the Committee. The text of declarations is updated annually. In the event the Declarations are not signed, the Chairman of the Bank’s BoD is informed by the Chairman or the Executive Secretary of the Committee and the member should be replaced directly.

The Representative of the Hellenic Financial Stability Facility (HFSF) in the Committee has the rights provided for in Law 3864/2010 and the Relationship Framework Agreement entered into between the HFSF and Piraeus Bank.

The meeting covers items that have been included in the daily agenda, which is notified timely and in any case no later than three (3) working days, to the members of the Committee by the Executive Secretary in consultation with the Chairman of the Committee.

The Committee may convene using electronic means of communication following respective decision of its Chairman and

the notification of its members by the Executive Secretary. A member's participation through such means in the Committee's meetings is considered to be valid.

In order for any meeting to proceed and a quorum to be reached, the presence of at least 50% of the Committee's members shall be required.

For decision-making, only the Committee's members shall have a voting right. Decisions are made by the majority. In the event of a tie, the Chairman shall have a casting vote in the Committee's meeting.

Each member of the Committee may grant a written authorization to another member of the Committee to represent him/her, in case that he/she cannot attend the Committee's meeting, either by physical presence or through teleconference. In such a case, the vote of the absent member is counted and the decision is made by the majority, as above-mentioned.

The absence of a Committee's member from at least three (3) consecutive meetings should be notified directly to the BoD, by the Chairman of the Committee or by two other members of the Committee. The BoD may decide on the replacement of the member, after the member has been invited to provide clarifications to the Chairman of the BoD regarding his absence.

Minutes are kept at all the meetings of the Committee; they are validated by the Chairman or the Executive Secretary of the Committee and are available ten (10) working days following the Committee's meeting. The Committee's minutes as well as any relevant correspondence of the Committee are filed with the responsibility of the Executive Secretary. The approval of the Minutes of the Committee is included as an item of the daily agenda of the next meeting of the BoD.

Access to the Minutes is permitted only after the BoD's Chairman or the Committee's Chairman has granted their written approval. Copies of the Minutes are permitted to be granted or/and validated only after the Chairman of the BoD or the Chairman of the Committee have granted their written approval. The approval shall be filed with the Executive Secretary.

The Chairman of the Committee may hold meetings with the Head of the Internal Audit Department, the CFO and the Head of Compliance, in addition to the scheduled meetings of the Committee. Other members of the Committee may also participate in such meetings, provided that they are invited by its Chairman. Such meetings do not substitute nor do they constitute Committee's meetings.

### **3. Responsibilities**

For fulfilling its mission, the Committee has the following duties and responsibilities:

#### ***A. Financial statements and relevant notifications***

The Committee supervises and evaluates the procedures for the preparation of the annual and interim financial statements of the Bank and the Group, according to the accounting standards, prior to their submission to the BoD for approval, in order to ascertain the accuracy and completeness of the information contained in them and expresses its opinions, mainly about the following issues:

- the supervision of the audit conducted by the statutory auditors of the annual and interim financial statements of the Bank and the Group,
- any major or unusual transactions with significant influence on the financial statements and the notification procedure of same,
- the Management's assessments on the provisioning and other issues, which require evaluation and may significantly affect the financial statements,
- any major changes proposed by the external auditor.

#### ***B. External Audit***

i. Evaluates the effectiveness of the external auditors (to be understood as the statutory auditors) and when considered advisable, submits a proposal to the BoD for their replacement or rotation, according to the Bank's procedures, ensuring that a transparent and open procedure shall be carried out for the selection of external auditors no later than every (5) consecutive fiscal years,.

ii. Is informed of the range of audit and strategy to be followed by the external auditors, including the collaboration with the internal audit.

iii. Ensures the independence of the Bank's and its subsidiaries' external auditors.

The rules concerning the services provided by the external auditors are established in three basic principles, whose breach could influence the independence of external auditors: (1) an auditor cannot control his own work, (2) an auditor cannot exercise, in parallel, any administrative duties to his customer and (3) an auditor may provide advisory services to his customer, provided that the provisions of paragraph viii) are followed. Within this framework, any service apart from the regular audit that may be provided by the company of the regular chartered auditors accountants, shall be notified to the Committee and pre-approved. Furthermore, the Committee requests on an annual basis, from the external auditors:

- Written confirmation regarding the independence status of the company of the statutory auditors towards the Group and

- Written notification about the nature and scope of other services offered to the Group, apart from the services regarding the conduct of the statutory audits.

iv. Within the framework of the regular collaboration with the afore-mentioned auditors, the Committee requests the reporting of any problems or weaknesses identified in the Internal Audit System upon the audit of the annual financial statements according to the International Accounting Standards the international best practices.

v. submits a recommendation to the Management for the selection, at least every three years, of the chartered auditors-accountants company, other than the one conducting the regular audit, which has the necessary experience, for the evaluation of the IAS's adequacy on an annual and consolidated basis, as provided for by the Bank of Greece Governor's Act 2577/2007. Prior to the project initiation, the Audit Committee determines the units and subsidiaries to be included in the project (scope). Such determination is performed on the basis of criteria of significance of each unit and subsidiary, as well as of other qualitative criteria. The project scope is notified to the Bank of Greece (Supervision of Credit and Related Financial Institutions Department) by the Committee.

vi. Submits a recommendation to the BoD and to the Management for particular areas where additional audits should be conducted by external auditors or consultants.

vii. Requests to be informed by the auditors on any issue concerning restriction encountered when performing their duties. The Committee evaluates the impartiality and independence of the auditors involved.

viii. Reviews and pre-approves all the audit and advisory services provided to the Bank by the external auditors, who are designated each time, taking into account the relevant legal provisions regarding the impartiality and independence of the external audit.

### ***C. Internal Audit – Internal Audit System (IAS)***

i. Monitors and evaluates the adequacy and effectiveness of the Internal Audit System (IAS) on an individual basis and at Group level, based on the relevant data and information of the Internal Audit Department, the findings and remarks of the external auditors (regular chartered auditors-accountants), as well as the supervisory authorities.

The Committee evaluates the operation of the Internal Audit System on the basis of the relevant data and information included in the quarterly reviews and the Annual Report, which are drawn up by the Internal Audit Department.

The Committee reviews the effectiveness of the Bank's compliance procedures with the laws, rules and provisions of the supervisory authorities and assigns the investigation of non-compliance cases to the Internal Audit Department.

ii. The Audit Committee evaluates, selects and instructs, no later than every three years, a recognized company of chartered auditors-accountants (except for the regular ones) which possesses the required experience, to evaluate:

- the adequacy and effectiveness of the IAS

- the compliance of the Internal Audit Department with the International Standards for the professional practice of the Internal Audit of the International Institute of Internal Auditors as well as the effectiveness in the implementation of its work.

The evaluation report of the Internal Audit System is notified to the Bank of Greece (Supervision of Credit and Related Financial Institutions Department) within the first semester of the very next year following the end of the three-year period. The audit company and the chartered auditors undertaking the specific work should be rotated and replaced by another company, following two consecutive evaluations. During the conduct of the annual evaluation under (i), the Committee takes also into account the evaluation and possible individual remarks of the chartered auditors-accountants.

iii. Submits the Annual Report for the adequacy of the IAS to the BoD for approval. The Annual Report is also sent to the Bank of Greece (Supervision of Credit and Related Financial Institutions Department) until the end of the first half of

each calendar year. Moreover, the Committee informs the BoD in writing, on a regular basis, about the results of its audit work.

iv. Provides an annual (positive or negative) evaluation statement on the IAS, which is included in the Corporate Governance Statement.

v. Submits proposals to the BoD for addressing the weaknesses, which have been detected in the IAS and monitors the implementation of measures decided by the Management (follow up), with the assistance of the Internal Audit Department.

vi. Evaluates the work of the Internal Audit Department focusing on the issues related to the degree of its independence, the quality and the scope of audits conducted, its impartiality, the priorities determined by the changes in the financial environment, the systems and the risk level and the overall effectiveness of its operation. With regard to the Internal Audit Department, the Committee ensures:

- its independent operation,
- its unobstructed access to all the activities, units and rooms, as well as all types and forms of data and information (books, documents, archives, bank accounts, portfolio etc.) of the Group,
- its unhampered communication with any officer, collective body and employee of the Group,
- the possibility of asking and receiving all the information and clarifications that are necessary from any officer, in order to fulfill its mission within the framework of the conducted audits.

The Committee ensures, along with the Management's assistance, that the Internal Audit Department possesses the suitable skills and capacities in order to audit and evaluate the effectiveness of the IAS, emphasizing on the risk management and fund management sectors, as well as on the financial audit. Furthermore, the Committee may request the conduct of additional audits by the Internal Audit Department on special areas which it considers necessary within the framework of performance of its work.

vii. Evaluates and submits a recommendation for approval to the BoD of the Annual Action Plan and the Budget of the Internal Audit Department.

viii. Recommends the appointment of the Head of the Internal Audit Department as well as his possible replacement to the BoD.

ix. Conducts the annual evaluation of the Head of the Internal Audit Department.

x. Submits a recommendation to the Remuneration Committee for the approval of the remuneration and the compensation of the Head of the Internal Audit Department.

xi. Approves the Operation Regulation of the Internal Audit Department and its amendments.

xii. Confirms that the whistle-blowing procedure is ensured by the appropriate procedures, as well as the protection of the employees, through which they inform the BoD or the Committee about the major irregularities, omissions or criminal offences, of which they became aware.

#### ***D. Compliance – Code of conduct***

i. The Committee evaluates and makes remarks on the Annual Action Plan of the Group Compliance and determines whether the annual plan meets the provisions of the applicable law.

ii. Monitors and evaluates on an annual basis, the audit work of the Group Compliance, taking into account the following:

- the annual report of the Responsible Management Executive for Money Laundering (ML) and Terrorist Financing (TF)
- the annual report of Compliance
- the relevant annual report of the Internal Audit Department
- the quarterly reviews of the Compliance, laying emphasis on the ML, TF and MIFID issues
- the findings and remarks of the supervisory authorities

iii. Is informed by the Group Compliance about the substantial changes in compliance issues

iv. Approves the Group's Code of Conduct and any of its amendments and monitors its uploading on the Bank's intranet.

### ***E. Other responsibilities***

i. Sets up the Audit Committees in all the important (non-listed) Group subsidiaries, supervises and coordinates their operation. The Audit Committees of the non-listed Group subsidiaries in Greece and abroad have particular Operation Regulations, which follow the Regulation of the Committee, and are conformed to the requirements of the respective law. Within the framework of supervision, the Committee asks the Audit Committees of the Group subsidiaries to provide reports regarding the fulfillment of their responsibilities (annual self-evaluation). The Bank's Audit Committee may propose the composition of the local Audit Committees to the BoD of the subsidiaries.

ii. Informs the BoD or / and the Management directly about the events that are brought to its attention and are likely to affect substantially the Group activities.

### **4. Self-evaluation**

On an annual basis, the Committee evaluates its performance and compiles the annual brief review of its work for the shareholders' General Meeting.

## **Risk Committee**

### ***Purpose***

The Risk Committee (hereinafter "Committee") is responsible for exercising the duties specified below in order to assist the Board of Directors (BoD) in its work with regard to:

- the existence of the appropriate strategy for risk assumption and specification of the acceptable maximum risk assumption limits, as well as the supervision of their implementation,
- the establishment of principles and rules regulating the risk management in respect of their recognition, provisioning, measurement, monitoring, audit and treatment,
- the development of the internal risk management system and the incorporation of the appropriate risk management policies in business decision-making,
- the Bank's and Group's compliance with the institutional framework for the risk management operation through strict and reliable procedures.

In addition, the Risk Committee monitors the independence, adequacy and effectiveness of operation of the Bank's and Group's Risk Management Department.

## ***2. Organization - Operation***

### **Convocation**

The Committee convenes, upon its Chairman's invitation, as many times as considered necessary in order to accomplish its mission, but not less than at least once (1) a month. Each member of the Committee is entitled to request the convocation of the Committee in writing for the discussion of specific issues.

The Committee is entitled to invite to its meetings as many employees, officers or advisors of the Banks as it considers advisable or useful.

### **Decision-making procedure**

In order for a decision to be made by the Committee, a quorum of over 50% of its members must be reached. The Committee's decisions are made by the majority of 2/3 of the present members, including members participating through teleconference or other technological means. Without prejudice to the attainment of a quorum as afore-mentioned, a member of the Committee may participate in the meeting through teleconference or in the case of an impediment, he may

authorize in writing another member in order to represent him at a specific meeting of the Committee and vote on his behalf in the daily agenda issues. No member can represent more than one member of the Committee.

The presence, participation and vote of a member of the Committee shall not be allowed during the discussion of an issue, for which he has a conflict of interests. The decisions concerning the specification of risk management policy, procedures, terms or criteria or other general implementation issues shall not fall under the above-mentioned ban.

The Representative of the Hellenic Financial Stability Facility (HFSF) in the Committee has the rights provided for in Law 3864/2010 and the Relationship Framework Agreement entered into between the HFSF and Piraeus Bank.

At all the meetings of the Committee, minutes are kept, which are confirmed by the Chairman and the Executive Secretary of the Committee. The Executive Secretary is responsible for collecting the material and information, which are useful or necessary for the Committee's work; prepares the issues to be discussed by the Committee; he/she is responsible for keeping the minutes and filing the Committee's decisions; handles the correspondence of the Committee with the departments and the Board of Directors; and monitors the communication of the Committee's decision at the Bank and Group level. The Executive Secretary is assisted by the Bank's employees.

### **3. Duties and Responsibilities**

#### **3.1. General**

The Risk Committee's mission is:

- (a) to ensure that the Bank has a well-defined risk management and risk appetite strategy. The Bank's risk appetite should be structured through a series of quantitative and qualitative positions for specific risk categories, including the special acceptance levels (per portfolio, geographical area, credit solvency etc.)
- (b) to ensure that all types of risks (including the operational risk), which are connected to the Bank's activity, are covered effectively
- (c) to ensure that the risk appetite of the Bank is notified explicitly to the entire Bank and constitutes the basis, upon which the risk management policies as well as the risk limits are established at the business and regional level of the Group.
- (d) to ensure the consolidated risk management audit, their specialized treatment and the required coordination at the Bank and its Group level.

For the achievement of its goal, the Committee undertakes the following duties and responsibilities:

- Determines the risk assumption strategy for all types of risks as well as the fund management strategy, in such a way that it responds to the Bank's business goals, both at the mother company and at the Group level.
- Ensures the development of the internal risk management system and its incorporation in the business decision-making procedure (e.g. decisions pertaining to the import of new products and services, the risk-adjusted pricing of products and services, as well as the calculation of performance and capital allocation in accordance with the risk) throughout the whole range of the Bank's and its consolidated subsidiaries' activities.
- Determines the principles regulating the risk management in respect of their recognition, provisioning, measurement, monitoring, audit and treatment, in accordance with the business strategy applicable from time to time and the adequacy of the available resources.
- Determines the type, quantity, form and frequency of the information to be received concerning the risk issues.
- Evaluates annually on the basis of the Chief Risk Officer's annual report and the relevant extract of the Internal Audit report:
  - the adequacy and effectiveness of the risk management policy of the Bank and its Group and particularly, the compliance with the specified risk tolerance level
  - the appropriateness of the limits, adequacy of provisions and the overall adequacy of equity capital in relation to the amount and form of the risk exposure
- Formulates the proposals and recommends corrective actions to the BoD in case that he detects a weakness in the implementation of the strategy that is formed for the Bank's risk management or any deviations as regards its implementation.



- Forms the appropriate internal environment, so as to ensure that each officer and employee of the Bank understands the nature of risks, which are connected to his activities, within the framework of execution of his duties, recognizes the need for their effective and timely response and facilitates the implementation of the internal audit procedures that are placed by the Bank Management.
- Sets out, annually or more frequently if required, revision proposals and corrective actions to the BoD concerning the Risk Management and risk appetite Strategy, including the assessment of the appropriateness of the business plan / restructuring plan of the bank within the risk assumption framework.
- Ensures the adequacy of the available resources in technical means, such as the appropriate methodologies, modelling tools, data sources and competent personnel in order to assess: a) any changes in the quality of assets under different assumptions (macroeconomic and market) and b) the risks that such changes may set in the financial stability of the Bank.
- Proceeds annually with the review of the current Credit Policy and approves its amendments in cases where the modification of the approved risk appetite is requested.
- Ensures the appropriate supervision and audit mechanisms for the monitoring and effective management of distressed assets, which are specified in such a way that it includes:
  - non-performing loans (NPLs)
  - loans under restructuring or subject to renegotiation
  - exposures that are written-off for accounting purposes, but the bank still seeks their partial or full recovery .
- Lays emphasis on the development of the appropriate timely detection systems, in order to detect the debtors, who approach the limits of their capacity as regards the fulfillment of their obligations.
- Ensures, similarly, that the Bank develops, retains and renews constantly the suitable pool of solutions for the reduction of arrears and the maintenance of the Bank's loan portfolio value.
- Controls the pricing of offered services, taking into account the business model and the risk assumption strategy of the Bank. When the pricing does not reflect accurately the risks, according to the business model and the risk assumption strategy, the Committee submits a corrective plan to the BoD.
- For the contribution into the development of sound remuneration policies and practices, and without prejudice to the duties of the Remuneration Committee, examines whether the incentives provided for in the remuneration system take into account the risk, capital, liquidity and projected profits.
- Proceeds with any other advisable action for the effective pursuance of its mission.

### **3.2. Risk Management Department (RMD)**

The Committee's basic responsibility is to review – monitor constantly the activities of the Bank's Risk Management Department. In particular, the Committee is entrusted with the following responsibilities in respect of the Department:

- Ensures that the Risk Management Department develops measurement tools and methodologies for the risk weighted measurement of performance and pricing of products and services. In addition, the Committee supervises their implementation through the RMD.
- Approves the recommendations of the Group's RMD concerning the adoption of the appropriate risk adjustment techniques at acceptable levels.
- Provides for the conduct of stress tests for market risk, credit risk, liquidity risk as well as operational risk, at least once every calendar year, by using the relevant techniques.
- Establishes the appropriate strategies and policies for the risk management undertaken by the Bank (including the liquidity risk), by specifying, following the recommendation of the Group Risk Management Department:
  - the acceptable maximum risk assumption limits from time to time as per category of counterparty, field, country, currency, type of loans, form of financial instruments, grade/grades of credit solvency rating, activity or product, time frame etc.,
  - the maximum permissible limits for the overrides of the rating systems
  - the minimum permissible risk assumption limits for the cut-offs in the credit solvency rating systems
  - the Contingency Funding Plan at Group Level and the annual Funding Plan at Group level, and is also informed by the Group RMD, monitors and, firstly, approves any unscheduled deviations from the aforementioned limits.

- Approves the recommendations of the Group Risk Management Department regarding the planning, documentation, periodical re-evaluation and monitoring of the implementation of the Bank's Internal Capital Adequacy Assessment Process, within the framework of which the objectives regarding the capital requirements of the Bank, which are relative to the risk exposure or the potential risks at individual or Group level and its operating environment and the policies related to the amount, management and the allocation of its funds in relation to the above-mentioned risks.
- Receives and evaluates the submitted reports of the Group Risk Management Department, informs the BoD about the most significant assumed risks at least on a quarterly basis, the outline of Bank's risks and exposures and assures their effective treatment.
- Ensures the access of the Group Risk Management Department to all the activities and units, as well as to all the data and information of the Group, which are necessary for the fulfillment of its task.
- In particular, as regards the credit risk management, recommends the basic points of the internal rating procedures to the BoD as well as the assessment of the risk parameters and monitors the consistent implementation of the relevant supervisory provisions.
- Evaluates the effectiveness of the Bank's Risk Management departments as well as the competence and suitability of their heads. Also, evaluates the effectiveness of the respective Group units and subsidiaries on the basis of reports and statements of accounts of the Internal Audit and Compliance, as well as the competence and suitability of their heads.

### **3.3 External Audit**

The Committee is responsible for the provision of data to external auditors for the issues pertaining to its responsibilities, such as:

Committee's Operation Regulation - Amendments

Annual Risk Management Report

Statements of accounts to the Committee and Committee's Decisions

### **3.4 Other Responsibilities**

The Committee's Chairman, who is assisted by the Executive Secretary, is responsible for the coordination of all the Risk Committees of the Bank's subsidiaries.

### **4. Committee's Support**

For the effective execution of its duties and responsibilities, the Committee is supported by the Bank's Department and is entitled to engage external consultants and specify the collaboration terms with them; remuneration of same shall be charged to the Management's budget.

The Committee's members are provided with full and unconditional access to the IT systems and specialized tools that are used by the Bank and the Group companies and which are necessary for the execution of the Committee's duties, at the primary data level as well as at the management information level.

### **5. Recommendations and Notifications**

Within the framework of its responsibilities, the Committee presents the results of its actions and activities to the BoD:

- The Committee informs the BoD about the results of its work through a written report to the BoD at least once a year, at any reasonable time.
- In parallel, the Committee's Chairman informs the BoD in the intervening periods about the work of the Committee within the framework of the BoD's meetings.
- The Committee sets out its proposals and recommendations to the BoD, in writing, concerning corrective actions, in case that a weakness is detected in the implementation of the strategy approved for risk management or any deviations to its implementation.
- Delivers an opinion regarding the remuneration of CRO in order for same to be approved by the Remuneration Committee.

- Submits a recommendation to the BoD with regard to the overall present and future risk assumption strategy, thereby assisting the BoD, which has the general responsibility for risks, in the supervision of the implementation of the specific strategy by the senior managers.

## **6. Regulation's Amendment**

The Committee re-evaluates its operation regulations and its responsibilities on an annual basis and recommends the amendments that it considers useful to the Board of Directors.

## **Remuneration Committee**

The Remuneration Committee (hereinafter the "Committee") is a Board Committee established by the Board of Directors (hereinafter the "BoD") which approves its composition and Terms of Reference.

Any delegation to the Committee shall not amend the authority or responsibility of the BoD. The Committee is authorized by the BoD to act as follows:

### **Purpose**

The scope of the Committee is:

- I. To recommend and advise the BoD for the processing of its supervisory responsibilities regarding the design, control of implementation and periodical revision of the Bank's remuneration policy and the alignment with the Bank's corporate strategic goals. In fulfilling its tasks, the Committee will take into account the Risk appetite framework of the Bank and the long-term interests of the shareholders and other stakeholders.
- II. To monitor the implementation of a framework that objectively evaluates performance and is directly linked with the determination of the remuneration of employees, risk takers as well as non-risk takers.
- III. To oversee the implementation of the Bank's talent management and succession planning policies.
- IV. To assess the implementation of strategies with the purpose of building a Corporate Culture that will support the Bank's objectives and vision.

The Chairman of the Committee informs the BoD about the Committee's work within the framework of the BoD's meetings.

### **I. Responsibilities of the Committee**

#### **Remuneration issues:**

1. Annual review of the Group's Remuneration Policy. The committee should evaluate the extent to which this policy:
  - a. Is consistent with the Bank's strategy as well as its long-term sustainable success and does not encourage excessive and short-term risks.
  - b. Drives behaviors that are aligned with Bank's purpose, values and culture.
  - c. Ensures that performance related indicators are measurable, challenging and engaging in order to create sustainable growth and shareholder value.
  - d. Ensures that potential incentive compensation structures incorporate risk-adjusted performance targets and that a proper balance between short-term and long-term performance is achieved. In this context, the Remuneration Committee should seek advice from the Risk Committee on the risk-adjusted performance targets.
  - e. Is, at all times, compliant with current legal and regulatory requirements.

2. Assess, at least annually, the findings and proposals for potential revision of the Remuneration Policy, made by Group Internal Audit.
3. Regularly assess to what extent the remuneration of the executive and non-executive members of the board, as well as the senior executive management, is sufficient to retain and attract key personnel. The review is to be conducted from time to time by a specialized consulting company against benchmarking data of peers.
4. Annually make a recommendation to the Board regarding the remuneration of the executive and non-executive members of the board for the coming period.
5. Assess the compliance of proposed variable remuneration schemes to current legislation and recommendations as well as their consistency with the Bank's risk appetite and strategies. In addition, the Committee shall make recommendations to the Board regarding eligibility, structure, objectives and pay out to both risk and non-risk takers under these policies and schemes.
6. Assess whether proposed remuneration packages for senior executives of the Bank's independent control functions are compliant with the Group's remuneration policy for these positions (i.e. Risk Management, Internal Audit & Compliance). Remuneration should not be connected with the performance of the business units they monitor.
7. Periodically review the Bank's policy regarding staff loans and other benefits, especially the credit exposure of the staff and executive management with emphasis on NPEs and potentially problematic exposures.
8. Review other policies and strategies related to staff remuneration. Have a regular oversight of pay equality and presence of discrimination based on gender, age or Bank of origin.
9. The Remuneration Committee should review and propose to the Board the goals and objectives relevant to the CEO's compensation and evaluate the CEO's performance in light of these goals and objectives.

**Human capital issues:**

1. Review the overall human capital strategy and objectives in alignment with the overall strategy of the Bank.
2. Get updates on labor relation matters and other matters of relevance for ensuring business continuity.
3. Evaluate the Bank's "strategic workforce planning" to ensure that talent and capability are compatible with the long-term targets of the Bank.
4. Get regular updates on organizational changes and programs with the purpose of improving efficiency and management effectiveness.
5. Review the development and the implementation of the Bank's annual performance assessment framework so as to ensure that the criteria are relevant to unlock employee's potential and support the Bank's strategy.
6. Oversee the efficiency of the talent management framework to create a pipeline of future leaders in critical positions and thus ensure that a solid succession planning is in place.
7. Get regular updates on the effectiveness of the people programs to formulate and diffuse corporate values and vision throughout the Bank.

**Other issues:**

1. Review and recommend for BoD approval policies related to remuneration and critical HR issues that the Bank is required to share with external parties and present in the Annual Meeting of Shareholders, such as:
  - a. Directors Remuneration Policy
  - b. Annual Remuneration Report for Directors
2. Review and provide required information to be submitted to the Annual Meeting of Shareholders for the activities the committee exercises.
3. Annually approves a compliance disclosure on Remuneration Policy according to the I. 4261/2014, the I. 3864/2010, the I. 4548/2018 and the Bank of Greece Governor's Act 2650/2012, within the framework of the Corporate Governance Statement.

4. Reviews its present rules governing its operation on an annual basis and proposes any necessary amendments to the BoD.

## **II. Composition**

1. The members of the Committee and its Chairman are appointed, dismissed and replaced by the BoD. All Committee's members are members of the BoD. The loss of the capacity as a member of the BoD entails automatically the loss of the capacity as the Committee's member.
2. The members of the Committee should not exceed 40% of the BoD members, with a minimum of three, excluding the HFSF Representative. The majority of the members must be independent. The definition of an independent BoD member is according to the article 4 of the I.3016/2002 (Official Gazette A 110) in force and of EBA/GL/2017/12.
3. The Committee should have, as a body, knowledge, expertise and professional experience in remuneration related issues, risk management and control activities. The adequacy of the experience and expertise of the members of the Committee is regularly evaluated by the Corporate Governance and Nominations Committee.
4. At least one member of the Committee should also be a member of the Risk Committee to oversee alignment of the Remuneration Policy with the Bank's risk and capital strategy.
5. The members of the Committee are not allowed to hold any parallel positions or capacities or conduct any transactions that could be considered to be incompatible with the Committee's mission. The participation in the Committee shall not exclude the possibility of participating in other committees of the BoD.
6. The Committee's Executive Secretary is appointed by the Committee, which is entitled to replace him/her at any time.

## **III. Administration**

### **1. Frequency and Decision-making procedure**

- 1.1 The Committee convenes, following the Chairman's invitation, as many times as required necessary for the fulfillment of its mission, but not less than four (4) times every calendar year. Each member of the Committee is entitled to request the convocation of the Committee in writing, for the discussion of particular issues. Members may attend the meetings by video or audio conference while mandatory minimum attendance should be achieved as described in the Board and Board Committees' Attendance Policy.
- 1.2 The Committee may hold joint sessions with other Board committees as may be required for an effective review of issues under its competence or may revert issues to other Board Committees for matters within their competence, as per case.
- 1.3 In order for a decision to be made by the Committee, a quorum of at least half of its members should be present. A member of the Committee may authorize in writing, another member to vote on his/her behalf for specific issues on the agenda. No member may represent more than one of the other Committee's members.
- 1.4 The Committee's decisions are made by the majority of the present and representative members. The views of the minority should be recorded in the Committee's minutes in case of not unanimous decision.
- 1.5 Minutes are kept at all meetings of the Committee and are confirmed by the Chairman and the Executive Secretary of the Committee. Minutes should be given to the Chairman of the Committee at least 10 days prior to the next scheduled meeting.

## **2. Participation and Support**

- 2.1. In principle, only the members of the Committee should participate in the meetings. However, the Committee is entitled to invite to its meetings as many of the Bank's employees, officers or advisors as it considers advisable or useful.
- 2.2. The CEO of the Bank is invited to the meetings discussing decisions pertaining to the specification of policy, plans, programs, terms or criteria for benefits or remunerations or other general implementation issues. However, the CEO shall not be present when his or her remuneration is discussed.
- 2.3. The Group Human Resources' Executive General Manager and external advisors may be invited to attend for all or part of any meeting, as and when appropriate and necessary. In any case, no individual shall be present when his/her own remuneration is being discussed.
- 2.4. The Observer of the Hellenic Financial Stability Fund has the right to attend committee meetings.
- 2.5. The Committee's Chairman determines which Bank's employees and advisors will be invited to the meetings to present the items on the agenda.
- 2.6. The Group Human Resources' Executive General Manager under the direction of the CEO supports the Committee's Chairman in preparing a yearly schedule for the Committee that covers its tasks as well as the agenda with supporting documents for each meeting. Agenda and supporting materials should be distributed not later than five calendar days prior to the meeting.
- 2.7. The Committee is supported by the Bank's Departments, mainly by the Human Resources and Internal Audit, and is entitled to hire external consultants and specify the collaboration terms with them.

## **3. Access to information**

The Committee shall have unimpeded access to all information and data concerning the decision-making process of the Board on the remuneration policies and practices' design and implementation, oversight and review, and may require the management to provide access to any information in regards to remuneration within the Bank, including any report and information from independent control functions (such as information on risks), in a manner that does not hinder the ordinary activities of the Bank.

## **BoD Members' Nomination Committee**

### **A. Responsibilities**

#### **1. For issues concerning the Nomination of candidates for Board Members, the Committee:**

a) is responsible to the Board for running the process for identifying and nominating suitable candidates to be proposed by the Board to the General Meeting for election or re-election upon the expiry of the tenure of the incumbent Board or as replacements for Board positions which become vacant during the Board's term.

b) establishes a candidate's "independence" in the context of Greek corporate law and relevant EBA guidelines; the Committee also examines the eligibility of any potential nominee with the HFSF requirements and, if needed, engage with the HFSF,

c) reviews at least on an annual basis the structure, size and composition (including the aggregate skillset, knowledge, independence, experience and diversity) of the Board and of its Committees, and makes recommendations to the Board with regard to any adjustments that are deemed necessary. In making its recommendations, the Committee gives consideration to targets of diversity, set by the Board from time to time,

d) is responsible for Board and top executive management succession planning over the longer term, in order to ensure Board and Management continuity. (Appointment of ExCo members requires approval of the Chair of the Committee and the Chairman of the Board),

e) adopts a Nomination Criteria Policy for Board members and reviews it at least once every two calendar years. The Nomination Criteria Policy takes into account the fit-and-proper criteria set by the EBA as well as the HFSF law (L.3864/2010) specific criteria for Board members in Greek systemic financial institutions and will be disclosed in the annual Corporate Governance Report,

f) adopts a Diversity Policy for Board members and review it on a biannual basis.

## **2. For issues concerning the review of the Board's Effectiveness, the Committee:**

a) conducts an annual assessment of the effectiveness of the Board and its Committees; such evaluation may be externally facilitated;

b) ensures that an annual performance evaluation is conducted for the Chief Executive Officer and other Board executives and is reported to the Board;

c) liaises with the HFSF in all matters pertaining to the Committee's mandate including coordinating the Board evaluation process carried out by the HFSF under the RFA and any follow up thereon.

d) evaluates the independence of the incumbent non-executive Board members once every two years by running an appropriate independence review.

## **3. For issues concerning the induction and training of Board Members, the Committee:**

a. adopts the Induction and Training Policy for Board members and monitors its application; the Committee reviews such Induction and Training Policy at least once every two years and amend it, as it deems appropriate.

b. sponsors and oversees the induction and training programs for members of the Board, both on their initial appointment and on an on-going basis. Such training will address inter alia: financial, market and regulatory matters, risk and compliance matters, financial reporting, new legislative developments, NPL management, IT and digital banking developments, as well as other specific aspects unique to the Bank and its business environment.

### **B. Composition and attendance**

2.1 The Committee members (excluding the HFSF Representative) shall not exceed 40% (rounded to the nearest integer) of total Board members with a minimum of three members. All members shall be non-executive, with the majority being independent non-executive Directors. The HFSF Representative shall be an ex officio member of the Committee.

2.2 The Board of Directors appoints the Committee members and Chair, who shall be an independent non-executive director amongst those designated as "international experts" in accordance with Article 10 of the HFSF Law (L. 3864/2010 as in force). The Board of Directors may replace any member of the Committee (other than the HFSF Representative) at any time.

2.3 The Chairman of the Board, if not a member of the Committee, may attend any meeting of the Committee, without voting.

2.4 Unless otherwise decided by the Board, the Corporate Secretary of the Bank shall act as Secretary to the Committee.

2.5 Upon decision by the Chair of the Committee, the Group General Counsel may be invited to attend meetings of the Committee and provide legal support, as appropriate.

2.6 The HFSF Observer has the right to attend and observe the Committee meetings.

2.7 The Chair of the Committee may invite any manager or employee of the Bank and/or any external consultant to attend a meeting.



### **C. Proceedings of the Committee**

3.1 The Committee convenes as required on a need-to-meet basis but at least twice every calendar year. The Chair of the Committee and the Chairman of the Board may each convene meetings of the Committee at any time.

3.2 The quorum necessary for holding a meeting is at least 2/3 of the total number of Committee members including the HFSF Representative. Members may attend the meeting via telephone or video conference.

3.3 In their absence, Committee members may authorize other Committee members to represent them and vote on the items of the agenda, but no Committee member may represent more than one other member. In the absence of the Chair of the Committee, the Committee members present shall elect one among them to act as chair for the meeting.

3.4 Decisions of the Committee are taken with the majority of the members present or represented at the meeting. The Chair of the Committee does not have a casting vote.

3.5 The Chair may decide to hold closed sessions of the Committee in order to safeguard confidentiality of sensitive matters or evaluations of people; in this case, the closed session is attended only by the Committee members, the HFSF Observer and those other attendees invited by the Committee Chair.

3.6 The Secretary takes notes for each meeting and circulates a draft of the minutes to the Committee Chair for approval. The minutes contain a concise recount of the proceedings and the decisions of the Committee. In case of non-unanimous decisions, the dissenting views shall be recorded in the minutes. Committee members will be furnished with copies of the minutes of each meeting for ratification. Copies or excerpts of the ratified minutes may be issued signed by the Chair or the Secretary.

### **D. Governance and Resources**

4.1 The Committee may delegate any matter within its remit to sub-committees or working groups which will report to the Committee.

4.2 The Committee shall have access to sufficient resources in order to carry out its duties, including a separate budget to engage executive search firms, external legal or other professional advisers on any matters within these Terms of Reference.

4.3 The Committee reviews these Terms of Reference at least once every two years and, if appropriate, recommend changes to the Board of Directors.

## **Strategy Committee**

### **1. Responsibilities**

The Strategy Committee has the following responsibilities:

- 1.1 Determines the targets of the Bank's Strategic Plan and provides the guidelines for the Bank's Action Plan, which shall be developed by the Managing Director and the Executive Committee in order to be approved by the BoD.
- 1.2 Follows up and monitors the execution of the approved Action Plan.
- 1.3 Follows up on a regular basis, analyzes and introduces issues of the Bank's strategic choices to the BoD (e.g. capital increases or reductions, acquisitions, mergers, investments or liquidations of stakes, strategic collaborations, etc.), assigns special missions to executives for the accomplishment of objectives and, when required, sets out the relevant recommendation to the Bank's BoD.
- 1.4 Monitors, detects and analyzes the emerging risks in the execution of the approved Business Plan and submits proposals to the Board of Directors for their treatment.
- 1.5 Introduces the afore-mentioned issues for their inclusion in the Daily Agenda of the Bank's Board of Directors or the General Meeting.
- 1.6 Follows up and introduces to the BoD all the issues of strategic importance for the Group.
- 1.7 It operates as a crisis management committee.



The responsibilities of the Strategy Committee refer to both Piraeus Bank and the Group Subsidiaries.

The Representative of the Hellenic Financial Stability Facility (HFSF) in the Committee has the rights provided for in Law 3864/2010 and the Relationship Framework Agreement entered into between the HFSF and Piraeus Bank.

## **2. Meetings**

The Strategy Committee convenes once a month, at the place, time and by the Daily Agenda that is specified by its Chairman. The Chairman may convene the Strategy Committee on an exceptional basis or change the day or frequency of the regular meetings.

Each member of the Strategy Committee is entitled to propose or introduce issues for further discussion by the Committee. The issues are brought to the attention of the Committee's Chairman in order to be inserted into the Daily Agenda of the next scheduled or unscheduled meeting of the Committee. In general, the Daily Agendas are notified to the members by the Committee's Secretary.

The Committee's meetings may be carried out using the teleconference tools, which do not require the physical presence of all the members at the same location.

Apart from the Committee's members, the following individuals are invited to be present at the meetings, without a voting right:

- a. The Bank's Managing Director,
- b. The Group Executive Committee's members, following the Managing Director's request,
- c. The Bank's Management executives or other executives, who are responsible for issues introduced to the Committee for discussion, following the Managing Director's request,
- d. The Chairman's Advisor, who is responsible for Strategy Issues.

At all the meetings of the Strategy Committee, minutes are kept, which are confirmed by the Chairman and Secretary of the Committee.

## **3. Decision-making process**

The Strategy Committee decides by a quorum of at least half of its members and the majority of 2/3 of the present members.

## **Ethics, Governance & ESG Committee**

The Ethics, Governance & ESG Committee's role (hereafter "the Committee") is to support the BoD and the BoD Committees by proactively setting, challenging, supporting and overseeing policies and strategies applied by Management to generate the right values and culture for the Bank in order to operate as an ethical organization.

### **Responsibilities**

#### **1. Ethics Related Policies**

The Committee is responsible for overseeing, reviewing and providing direction to management on policies relating to matters of Ethics.

#### **2. Sound Governance**

The Committee is responsible for ensuring the sound governance of the Bank, overseeing Management's effort to foster a culture of ethics, and discouraging unethical behavior.

### **3. Corporate Social Responsibility, community, environmental policies**

The Committee is responsible for overseeing the strategy, policies, initiatives and programs of the Bank in relation to Corporate Social Responsibility, community and environmental matters.

#### **Composition**

1. All members of the Committee must be non-executive BoD members. The Committee shall be chaired by the Chairman of the Board, and comprise at least 3 other non-executive Board members the majority of which must be independent. The HFSF Representative to the Bank's Board shall be among the Committee members.
2. The requirements of the previous paragraph will not apply, if the Committee is composed by all the BoD non-executive and independent members.
3. In accordance with the Conflicts of Interest Policy of the Bank, should any member of the Committee identify any perceived or potential conflict of interest in relation of any item on the Committee's agenda, then such member shall recuse itself and shall abstain from any deliberations of the Committee on such matter.

#### **Meetings – Quorum and decision-making**

1. The Committee convenes following the Chairman's invitation, as many times as required necessary for the fulfillment of its mission and at least semiannually. The Committee's meetings may also be carried out using teleconferences.
2. The Committee is entitled to invite to its meetings as many of the Bank's employees, officers, or advisors as it considers advisable or useful.
3. The Committee is in Quorate when at least half of its members are present (in case of a decimal number, it is rounded up to next integer).
4. Passing of decisions requires a majority of at least 2/3 of the present members.
5. A member of the Committee may authorize in writing, in case of hindrance to participate in any meeting, another member in order to represent him/her at a specific meeting and vote on his behalf on the issues of the daily agenda. No member may represent more the one of the other Committee's members.

#### **Secretary to the Committee**

1. The Legal Counsel advises the Committee on legal matters.
2. The Corporate Secretary acts as Secretary to the Committee.
3. Agenda and supporting documents are forwarded to members at least 5 days before meetings.
4. Summary minutes are kept at all the meetings of the Committee, which are ratified by the Chairman and the Secretary of the Committee.
5. Minutes are forwarded to all BoD members.

#### **Reporting**

The Committee Chair updates the BoD once a year on the key matters of the Committee's activities and how the Committee has discharged its mandate.

#### **Revision procedures**

1. The BoD will review the Terms of Reference of the Committee at least every three years.
2. Annually the Committee will perform a self-assessment and report the results to the BoD.