

PIRAEUS  
FINANCIAL HOLDINGS



**DIRECTOR**

**SUITABILITY POLICY**

## 1. Preamble

This Director Suitability Policy (the "**Policy**") sets the framework and specifies the suitability requirements for election to the Board of Directors of Piraeus Financial Holdings S.A. (the "Company").

The Policy is based on the requirements of the following applicable regulatory provisions, as in effect from time to time:

- a) Law 4261/2014, which transposed Directive 2013/36/EU (CRD IV) into the Greek law and relevant BoG decisions/acts;
- b) the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2017/12) (hereinafter "the **Guidelines**"); It also takes into consideration the ECB Guide to fit and proper assessments (May 2018);
- c) Law 4706/2020 on corporate governance and respective decisions of the HCMC, where required;
- d) Law 3864/2010 on the establishment and operation of the Hellenic Financial Stability Fund and the relevant Tripartite Relationship Framework Agreement (RFA) signed between the Hellenic Financial Stability Fund (HFSF) and the Company (collectively, the above are referred to as the "**Relevant Rules**").

## Scope of application

1.1. This Policy applies to the members of the Board of Directors (the "**Directors**") of the Company to be or already elected by the competent corporate bodies of the Company (General Meeting of Shareholders or Board of Directors, in accordance with the Company's Articles of Association and Greek law).

1.2. This Policy should be read and applied in conjunction with other Policies relating to the Board of Directors of the Company (e.g. Diversity Policy, Self Assessment Policy of the BoD and its Committees, Succession Planning and CEO Succession Process, Board Attendance Policy, Board Training Policy etc).

## 2. OBJECTIVES

The main objectives of this Policy are to:

2.1. Assist the Board Nomination Committee ("the Committee") and its Chairman in performing their duties regarding candidate Director selection, screening and recommendation for their election by the BoD and/or General Meeting of Shareholders (GMS), according to the Articles of Association of the Company;

2.2. Establish a transparent and effective set of applicable criteria for candidate nomination;

2.3. Ensure that the composition of the Company's BoD fulfils high standards of suitability (both on an individual and on a collective level), ethics and skillsets and is fully compliant with the Relevant Rules as in effect from time to time. The Company's Board of Directors must have a sufficient number of members and an appropriate ratio of executive, non-executive and independent non-executive members, in accordance with applicable legislation. The ratio of executive, non-executive and independent Board members, any incompatibilities or impediments and the individual responsibilities of Board members are specified in the Company's Internal Operating and Corporate Governance Regulation.

### 3. GENERAL PRINCIPLES

3.1. The Policy aims to satisfy the legislative and regulatory requirements applicable to the Company.

3.2. The Committee assesses the suitability of candidate Directors on the basis of the criteria set out herein as well as the Internal Corporate Governance and Operating Regulation ("CC Regulation") of the Company, and in accordance with the applicable regulatory framework and the abovementioned Relevant Rules, and keeps a record of the assessment and the results.

3.3. All the recommendations of the Committee are based on its own independent judgement. In the process of identifying and recommending suitable candidates, the Committee and its Chairman shall rely on the criteria set out in this Policy. Should the Committee make recommendations that diverge from this Policy, it shall give reasons to the BoD for such deviation.

3.4. The Committee specifies the desired candidate suitability criteria for the key roles of Directors (executive, non-executive and independent non-executive).

For each new nomination, the Company's business strategy and the overall risk strategy, including the Company's risk culture, risk appetite and framework are taken into consideration. To this end, the Committee outlines the necessary profile/competencies for each Director having a clear view on the medium term objectives, challenges and risks and the Company's succession planning. In defining the role profiles or developing the competencies matrix, the Committee may gather input from multiple stakeholders, including the entire Board, the major shareholders and the Management team.

3.5. During the suitability assessment of candidate Directors, the Committee takes into account the type of experience required for the specific positions under the Relevant Rules, as in effect from time to time. Relevant guidelines as to experience, personality characteristics and academic qualifications that may currently be responsive to such requirements are indicatively set out in Annex A (Director Profiles) of this Policy.

3.6. Directors must always have good reputation and adequate knowledge, skills and experience to perform their duties. The composition of the Board of Directors as a whole shall reflect a sufficiently large spectrum of knowledge and experience per area of activity, so that it may collectively comprehend the activities of the Company, including the principal risks to which it is or may be exposed.

3.7. In performing its duties, the Committee shall, to the extent possible, take account of the need to ensure that the composition of the Board does not allow the decision-making process to be dominated by one individual or a small group of individuals in a manner that is detrimental to the interests of the Company as a whole.

3.8. The Committee shall assess the suitability of the nominee Directors prior to their appointment or when duly justified as soon as practicable, but in any case within one month of their appointment.

By way of exception, assessments of individual and collective suitability may be carried out after the appointment of a Director in any of the following cases provided that this is duly justified:

(a) when at the General Meeting of Shareholders, the shareholders nominate candidates and elect Board members who have not been proposed by the Company,

(b) when the performance of a full suitability assessment prior to the appointment of a

member would disrupt the proper functioning of the Board, including when the need to replace members arises suddenly or unexpectedly.

3.9. The Company shall ensure that Board members are suitable at all times and shall assess or re-assess their suitability, in particular:

- (a) when applying for authorization to commence a business activity,
- (b) when material changes to the composition of the Board occur, including when appointing new Board members where the assessment concerns the new members or when renewing the term of office of Board members, if the requirements for the position have changed or if the member is appointed to a different position within the Board.

In addition, suitability is monitored on an on-going basis in order to identify, in the light of any relevant new incident, situations where suitability should be re-assessed. In particular, a re-assessment should be performed in the following cases:

- (a) in the event there are concerns raised by the regulators about the individual or collective suitability of the Board members,
- (b) in the event of events having material impact on the reputation of a Board member or of the Company, including cases where the members are in breach of the Company's Conflicts of Interest Policy or the applicable regulatory framework,
- (c) in any other event which can otherwise materially affect the suitability of the Board member.

3.10. Collective suitability is reassessed in particular in the following cases:

- (a) in the event of a material change in the business model, risk appetite or risk strategy or structure of the Company, at individual and group level,
- (b) in the context of conducting an internal review of significant internal governance arrangements by the Board,
- (c) in any other event that can otherwise materially affect the collective suitability of the Board.

3.11. Self or external evaluations of the Board of Directors must take into consideration the criteria mentioned in this Policy.

#### **4. CANDIDATE DIRECTOR NOMINATION CRITERIA**

In order for a person to be considered as suitable candidate by the Committee, such person:

- i) must meet the suitability criteria (fit and proper) as defined under section 4.1 below,
- ii) should not have any existing or foreseeable conflicts of interest with the Company,
- iii) should be able to commit sufficient time to the BoD of the Company depending on the position for which they are recommended, and
- iv) should possess one or more of the knowledge, skills and experience criteria set forth under 4(d) below.

The Nomination Committee may use a matrix to assess the collective competence and suitability of the members of the Board of Directors (e.g. the matrix included in Annex I of EBA Guidelines). The defined profile or competency matrix may distinguish between qualities that are needed and those that are merely desirable.

#### **4.1 Qualitative criteria (fit and proper)**

4.1.a **Reputation, honesty and integrity:** The candidates, based on their background, must be able to inspire the trust necessary for a member of the highest management body of the Company. The Committee ensures that all candidates are irreproachable. Reputation criteria are indicatively set out in Annex B hereto.

4.1.b **Previous experience:** Candidates must have adequate experience and a successful career in their line of business. They must be able to produce relevant references as to such previous positions that satisfy the above requirements.

Areas of experience and experience required by the Company's Directors are also evaluated against the "experience" criterion as per the ECB Guide to fit and proper assessment and HFSF's Corporate Governance Review Criteria.

4.1.c **Independence of mind:** Candidates should have the ability to form their own sound, objective and independent opinion and express their judgement on all issues tackled by the Board of Directors. They should have the courage, conviction and strength to effectively assess and challenge the proposed decisions and be able to ask questions and to resist "group-think", preserving at the same time the necessary team spirit and avoiding tensions.

In assessing independence of mind, the Committee shall also assess whether the candidate has conflict of interest to an extent that impedes his/her ability to perform his/her duties independently and objectively, in accordance with the Company's Conflict of Interests Policy.

Being a shareholder, keeping private accounts, receiving loans or using other services of the Company or an entity falling within the scope of consolidation shall not in itself be considered to affect a candidate's independence of mind.

#### **4.2 No conflicts of interest**

The Committee and the BoD shall ensure that candidate Directors have no professional capacities that are incompatible with the role of the Director of the Company, and that their personal, business and/or professional interests are not in conflict with the interests of the Company or the Group, according to the provisions of the Company's internal regulations and the currently applicable legal and regulatory framework, specifically article 97 of Law 4548/2018.

All financial and non financial interests that could create potential conflict of interest should be disclosed by each candidate to the Committee prior to the candidate's assessment.

All candidates must, prior to their final election, submit a statement that there will be no existing or foreseeable conflict of interest with the Company following their election as Directors.

The Committee and the BoD shall ensure that the candidate Director is not connected to borrowers of the Company or Piraeus Bank S.A. with an exposure above EURO 1 million or any non-performing exposure.

#### **4.3 Commitment of time**

All candidates must be able to dedicate enough time and energy to the performance of their duties. In the assessment of sufficient time commitment, the Nomination Committee should at least take into consideration the criteria mentioned in para. 43 of EBA Guidelines. In the case of non-executive Directors, special attention should be paid to the number of directorships and other commitments of theirs outside the Company.

Pursuant to Article 83 para. 3 of Law 4261/2014 (article 91.3 of Directive 2013/36/EU) and notwithstanding para.4 and 5, Directors may not hold more than one of the following combinations of directorships at the same time: (a) one executive directorship with two non-executive directorships; (b) four non-executive directorships. Guidance as to the calculation of the number of directorships is provided in the Relevant Rules.

Candidates are expected to provide all relevant and necessary information to demonstrate that they have sufficient time to commit to their director mandate.

Time commitment is also evaluated regularly on the basis of the provisions and the criteria set out in the Board Attendance Policy.

#### **4.4 Knowledge, skills and experience<sup>1</sup>**

It is desirable that each candidate possesses one or more of the skills mentioned in the non-exhaustive list of Annex C and that the BoD possesses same collectively in order to:

- i) understand the Company's activities, including the main risks to which it is exposed,
- ii) take appropriate decisions concerning the business model, strategy and related markets in which the Company and its Group operates. Non-executive members should be collectively able to challenge and monitor decisions brought before the Board for approval.

The Nomination Committee will ensure that each candidate Director shall be aware of the purpose, culture, values, strategy and business model associated with the Company and Board, if possible, prior to assuming their duties.

Experience in the areas mentioned in the Relevant Rules are also taken into consideration when assessing potential candidates.

#### **4.5 Independence criteria**

In the event of an independent non-executive position, candidates must fulfil the independence criteria under Law 4706/2020 and be compatible with Annex II of the European Commission Recommendation 2005/162/EC, as stipulated in the Relationship Framework Agreement (RFA<sup>2</sup>) with the HFSF.

#### **4.6 Eligibility under the HFSF Law (Law 3864/2010)**

In addition to all other criteria in this Policy, candidate directors must also satisfy the requirements envisaged in Article 10 of Law 3864/2010 as in force from time to time, to the extent applicable for the relevant Board position sought to fill.

#### **4.7 Additional criteria for executive Directors**

Persons to be assessed for executive Director positions must additionally be willing to enter into a full-time employment or services contract with the Company. They must have also proved, both in the current and past positions, that they have the experience, ability and integrity to lead the Company (and its Group) to the achievement of its strategic targets.

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<sup>1</sup> the term « experience » is used in a broad sense and covers both practical, professional experience gained in previous occupations as well as theoretical experience (knowledge and skills) gained through education and training.

<sup>2</sup> Annex I, para.2.1, point c, p.20.

## **5. DIVERSITY**

The Company promotes diversity in the Board of Directors, in accordance with the applicable regulatory framework and the respective Diversity Policy in order to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the Board. Diversity criteria include but may not be limited to the following aspects: educational and professional background; age; geographical provenance; and gender.

The nomination procedure shall take into account the fact that the higher degree of Board diversity fosters constructive challenge and discussion based on different points of view. However, the Company shall not select candidates Board members with the sole purpose of increasing diversity to the detriment of the functioning and suitability of the Board collectively, or at the expense of the suitability of individual Board members.

In all cases, the Diversity Policy will apply, including its provisions for increase of the percentage of the less represented gender in the Board.

## **6. REMEDIAL ACTIONS**

With the exception of the criteria relevant to the assessment of reputation, honesty and integrity, if assessment or re-assessment identifies remediable shortcomings in the candidate member's knowledge, skills, experience, the Company shall take appropriate corrective actions to overcome shortcomings in a timely manner.

In the event the assessment or re-assessment indicates that the Board is not collectively suitable, the Company shall take timely and appropriate corrective actions, taking into account the specific situation and shortcomings of any individual member or the collective composition of the Board.

Appropriate corrective actions may include, but are not limited to: adjustment of responsibilities between the Board members, replacement of certain Board members, election of additional members, measures to mitigate conflicts of interests, training courses for individual members or for the Board as a whole in accordance with the respective Company's Board Training Policy.

## **7. GOVERNANCE**

This policy is approved by the Board of Directors on the recommendation of the Board Nomination Committee and will be submitted for approval to the General Meeting of Shareholders. This policy is reviewed on a biannual basis, or ad-hoc in the event of changes in the legal and/or regulatory framework, in order to be updated as required. Non-material amendments of the Policy are approved by the Board of Directors. In preparing, amending or reviewing this Policy, the Nomination 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.

## **ANNEX A**

### **DESIRED DIRECTOR PROFILE**

#### **EXECUTIVE DIRECTORS**

- The criteria of article 10, Law 3864/2010 for the executive directors.
- Greek or foreign university degree, incl. postgraduate studies. A postgraduate degree in financial subject is desirable.
- Excellent knowledge of Greek and English. Knowledge of additional languages is desirable.
- Prestigious personality with at least 15-year experience in the financial or banking sector and at least 5 year experience as senior manager in a large banking or financial firm in Greece or abroad.
- Candidates must be widely acknowledged and well-reputed persons.
- Proven experience in successful commercial banking or financial operations management
- Excellent knowledge of the Greek market
- Experience in management of large balance-sheet companies
- Experience in the management of overdue accounts receivable is desirable
- Teamwork, persuasion and negotiation skills
- Independence of mind, decisiveness, ability to swiftly develop a realistic strategic position

#### **NON-EXECUTIVE DIRECTORS**

- The criteria of article 10, Law 3864/2010 for the non-executive directors.
- Greek or foreign university degree. A postgraduate degree is desirable.
- Excellent knowledge of Greek and English. Knowledge of additional languages is desirable.
- Candidates must: be widely acknowledged and well-reputed persons; be respectful of the Group and willing to contribute to its growth; have been distinguished in their professional or scientific field and have business understanding and strategic thinking.
- Ability to commit enough time to the BoD and its Committees.

#### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

The criteria for non-executive directors, and additionally:

- The criteria of Law 4706/2020 and the criteria of Law 3864/10 on director independence
- At least three independent non-executive directors (experts) must fulfil the enhanced criteria under article 10, para. 8(a), Law 3864/2010



## ANNEX B

### REPUTATION, HONESTY AND INTEGRITY

A candidate will be considered to be of good repute if there is no evidence to suggest otherwise and no reason to have reasonable doubt about his or her good repute. If the personal or business conduct of a candidate gives rise to any doubt about his or her ability to ensure the sound and prudent management of the Company, the Nomination Committee will assess the materiality of the circumstances, taking into consideration the criteria mentioned in the Relevant Rules.

Documentation that the Nomination Committee shall require candidate members to submit is mentioned in the applicable regulatory framework (Annex III of EBA Guidelines).

The candidate will not be eligible to the Board of Directors in case a final court decision has been issued within one (1) year prior to his nomination recognizing his/her liability for transactions of the company or a non-listed company of Law 4548/2018 with associated parties which have caused damage to said company.

The following form of Candidate Director Statement will be submitted by all candidates.

### FORM OF CANDIDATE DIRECTOR STATEMENT

Athens, [date]

To Piraeus Financial Holdings S.A.

Attn.:

#### Candidate Director Statement

I solemnly state that all the information included in my curriculum vitae, as well as any and all other information to be requested by Piraeus Financial Holdings S.A., hereinafter "the Company", in the context of my candidacy assessment for the Director vacancy, is true and complete.

I understand that all the assessment procedures rely on the information provided to the Company by me. I understand that any directorship/employment offer shall depend on the verification of any and all of the information received by the Company.

With regard to the review of my criminal record or any other personal or sensitive data, I agree to produce all relevant documents and information, which shall be used solely for the purposes of information verification and candidacy assessment, and shall be kept confidential by the Company, according to data protection laws.

I hereby declare that no final court decision has been issued within one (1) year prior or from the present recognizing my liability for transactions of the company or a non-listed company of Law 4548/2018 with associated parties that caused damages. I also undertake to promptly notify the Company on the issue of a relevant final court decision.

The undersigned

Signature

## ANNEX C- Skills

This is the non-exhaustive list of relevant skills that the Committee considers using when performing suitability assessments:

**a. Authenticity:** is consistent in word and deed and behaves in accordance with own stated values and beliefs. Openly communicates his or her intentions, ideas and feelings, encourages an environment of openness and honesty, and correctly informs the supervisor about the actual situation, at the same time acknowledging risks and problems.

**b. Language:** is able to communicate orally in a structured and conventional way and write in the national language or the working language of the institution's location.

**c. Decisiveness:** takes timely and well-informed decisions by acting promptly or by committing to a particular course of action, for example by expressing his or her views and not procrastinating.

**d. Communication:** is capable of conveying a message in an understandable and acceptable manner, and in an appropriate form. Focuses on providing and obtaining clarity and transparency and encourages active feedback.

**e. Judgement:** is capable of weighing up data and different courses of action and coming to a logical conclusion. Examines, recognises and understands the essential elements and issues. Has the breadth of vision to look beyond his or her own area of responsibility, especially when dealing with problems that may jeopardise the continuity of the undertaking.

**f. Customer and quality-oriented:** focuses on providing quality and, wherever possible, finding ways of improving this. Specifically, this means withholding consent from the development and marketing of products and services and to capital expenditure, e.g. on products, office buildings or holdings, in circumstances where he or she is unable to gauge the risks properly owing to a lack of understanding of the architecture, principles or basic assumptions. Identifies and studies the wishes and needs of customers, ensures that customers run no unnecessary risks and arranges for the provision of correct, complete and balanced information to customers.

**g. Leadership:** provides direction and guidance to a group, develops and maintains teamwork, motivates and encourages the available human resources and ensures that members of staff have the professional competence to achieve a particular goal. Is receptive to criticism and provides scope for critical debate.

**h. Loyalty:** identifies with the undertaking and has a sense of involvement. Shows that he or she can devote sufficient time to the job and can discharge his or her duties properly, defends the interests of the undertaking and operates objectively and critically. Recognises and anticipates potential conflicts of personal and business interest.

**i. External awareness:** monitors developments, power bases and attitudes within the undertaking. Is well-informed on relevant financial, economic, social and other developments at national and international level that may affect the undertaking and also on the interests of stakeholders and is able to put this information to effective use.

**j. Negotiating:** identifies and reveals common interests in a manner designed to build consensus, while pursuing the negotiation objectives.

**k. Persuasive:** is capable of influencing the views of others by exercising persuasive powers and using natural authority and tact. Is a strong personality and capable of standing firm.

**l. Teamwork:** is aware of the group interest and makes a contribution to the common result; able to function as part of a team.

**m. Strategic acumen:** is capable of developing a realistic vision of future developments and translating this into long-term objectives, for example by applying scenario analysis. In doing so, takes proper account of risks that the undertaking is exposed to and takes appropriate measures to control them.

**n. Stress resistance:** is resilient and able to perform consistently even when under great pressure and in times of uncertainty.

**o. Sense of responsibility:** understands internal and external interests, evaluates them carefully and renders account for them. Has the capacity to learn and realises that his or her actions affect the interests of stakeholders.

**p. Chairing meetings:** is capable of chairing meetings efficiently and effectively and creating an open atmosphere that encourages everyone to participate on an equal footing; is aware of other people's duties and responsibilities.