

APPROVED
by the decision of the sole shareholder
of ProCredit Bank, JSC
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**POLICY ON THE
SUPERVISORY BOARD MEMBERS REMUNERATION
PROCREDIT BANK JSC**
Corporate Governance
CG-PL-521-25

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1. Purpose of the Policy

- 1.1. In its activities, ProCredit Bank Joint-Stock Company (the Bank) strives to adhere to the internal rules and principles established for all banks of the international ProCredit group managed by the parent company ProCredit Holding AG, mandatory regulatory requirements, and international best practices and standards.

Remuneration policy is a system of approaches, principles and methods used by the Bank to make management decisions in the field of remuneration (compensation) of members of management bodies. It is one of the special components of the personnel strategy of the Bank, according to which monetary remuneration is not the main incentive for employees. The same approach applies to the remuneration to members of the Supervisory Board. The Bank has only introduced fixed remuneration. The Bank does not apply variable remuneration (bonuses, incentives, etc.) based on performance and therefore does not make any payments in the event of dismissal until the effectiveness of activities, achievement of goals, and fulfilment of duties have been assessed. This approach is justified by the fact that variable remuneration creates perverse incentives for decision-making which, on the one hand, may temporarily improve the Bank's short-term results, but, on the other hand, may lead to undesirable risks or encourage the Bank to take risks that exceed its acceptable long-term risk appetite. The Bank does not have any special approach to remuneration of members of the Supervisory Board and applies the same principles to them as to other employees of the Bank. Civil contracts of the Bank with members of the Supervisory Board do not provide for any elements of variable remuneration. It is worth noting that the members of the Supervisory Board adhere to the values shared by all banks within the international ProCredit group, are guided by common working principles, strive to contribute to its development, and are not solely focused on receiving material rewards.

The Bank's remuneration policy is aimed at ensuring sustainable development, aligns with the Bank's strategy, supports the operation of a comprehensive, adequate and effective risk management system, and does not encourage the assumption of risks that exceed the Bank's acceptable risk level. Remuneration is also established in accordance with the principle of equality, namely gender neutrality, must not involve any discrimination or indirect discrimination (based on age, nationality or other characteristics unrelated to the principle of fairness), and guarantees equal pay for male and female employees for equal work or work of equal value.

- 1.2. This Remuneration Policy for Members of the Supervisory Board (hereinafter referred to as the Policy) has been developed to establish a transparent remuneration system for members of the Supervisory Board (hereinafter also referred to as the Board) for their activities as the Chairman and members of the Supervisory Board, as well as the Chairman and members of its Committees, and for the performance of their duties. The Policy has been implemented in accordance with the requirements of the Laws of Ukraine "On Banks and Banking Activities", "On Joint-Stock Companies", and the Regulation on the Remuneration Policy in the Bank, approved by Resolution of the Board of the National Bank of Ukraine No. 153 dated 30/11/2020 (hereinafter referred to as Resolution No. 153), the Articles of Association of the Bank, and taking into account the Methodological Recommendations on the Organisation of Corporate Governance in Ukrainian Banks, approved by the Resolution of the Board of the National Bank of Ukraine No. 814-pw dated 03/12/2018, the Regulations on the Supervisory Board of ProCredit Bank JSC, which is approved and revised by the General Meeting of Shareholders (by decision of the sole shareholder of the Bank) upon submission by the Board after its preliminary consideration by the Committee of the Supervisory Board of the Bank on Remuneration and Appointments.
- 1.3. The Policy is an internal document of the Bank, which defines the basic principles of the introduced remuneration system for members of the Supervisory Board, the form of remuneration, criteria and procedure for calculating remuneration payable, and the procedure for preparing, approving and disclosing the remuneration report.
- 1.4. The Policy is binding and applies to all members of the Supervisory Board of ProCredit Bank JSC.
- 1.5. The terms used in the Policy have the meaning defined in Resolution No. 153.

2. Procedure and Conditions for Payment of Remuneration to Members of the Bank's Supervisory Board

- 2.1. The Bank's remuneration system is aimed at ensuring effective corporate governance and risk management, taking into account strategic objectives, and promoting the compliance with corporate values, including the Bank's Code of Conduct (Ethics). The remuneration of the Board members must be reasonably justified, not depend on the Bank's performance and not encourage the acceptance of risks that exceed the Bank's permissible level of risk appetite.
- 2.2. For the performance of their official duties, the members of the Supervisory Board have the right to receive remuneration, which is a material payment in cash and is paid in accordance with the terms and conditions of a civil contract between a member of the Board and the Bank for the exercise of the powers of a member of the Board.
- 2.3. The remuneration system for members of the Bank's Supervisory Board provides for the payment of fixed remuneration only, and non-monetary incentives in the form of liability insurance for members of the Bank's Supervisory Board — D&O insurance.
- 2.4. Fixed remuneration means the amount of remuneration determined in advance, which is paid to members of the Supervisory Board for the performance of their duties; it has a permanent nature of payment throughout the entire period of performance by members of the Supervisory Board, corresponds to the position of the manager, the organisational structure of the Bank and the level of their qualifications, skills and experience, responsibility, does not encourage the acceptance of risks that are not acceptable under normal conditions and does not depend on the results of the Bank's activities; it is guaranteed and constitutes a fixed payment in the amount provided for by the terms of the civil law agreement (contract); it may be revised by amending the agreement or revising it in accordance with the requirements of the current legislation of Ukraine.
- 2.5. The fixed annual remuneration includes payment for:
 - performance of their duties as a member of the Supervisory Board;
 - work in the committee/committees of the Supervisory Board;
 - acting as the Chairperson of the Audit Committee or the Risk Management Committee.
- 2.6. The term for the payment of remuneration begins on the next business day following the approval of the appointment of the Chairperson or a member of the Supervisory Board of the Bank by the National Bank of Ukraine and is carried out on a continuous basis throughout the entire period during which the Board member performs his/her functions.
- 2.7. The Bank's remuneration system does not provide for the establishment or payment of a variable component, financial benefits in cash and/or additional pension benefits, remuneration in the event of early retirement, severance payments, or similar compensations.
- 2.8. The amount and procedure for calculating the remuneration is approved by the General Meeting of Shareholders (decision of the sole shareholder) of the Bank and is included in the terms of the civil contract with each member of the Board (in case of concluding the contract on a paid basis).
- 2.9. Civil contracts for the exercise of the powers of a member of the Board also establish the rights, obligations, responsibilities of the parties, terms and conditions of remuneration, grounds for early termination and consequences of termination of such contracts, etc. and may be paid or unpaid.
- 2.10. The term of civil law agreements with members of the Supervisory Board is established from the date of their conclusion (the commencement date) and remains valid for the duration of the Supervisory Board member's term of office, in accordance with the applicable legislation of Ukraine. Upon termination of the powers of a member of the Supervisory Board, the contract concluded with the member shall be terminated at the same time.
- 2.11. On behalf of the Bank, civil law contracts with members of the Supervisory Board are signed by a person authorised by the General Meeting of Shareholders (by decision of the sole shareholder) of the Bank (Chairman of the Management Board of the Bank or Member of the Management Board) on the terms approved by the decision of the General Meeting (by decision of the sole shareholder).

- 2.12. If a member of the Supervisory Board is a person related by employment with a direct shareholder (owner of direct significant participation) of the Bank, the fixed remuneration for such a member of the Board is not established and not paid by the Bank. During the period of exercising their powers as a member of the Supervisory Board, such person shall be granted remuneration in the form of a non-monetary incentive — liability insurance for members of the Bank's Supervisory Board — D&O insurance.
- 2.13. The remuneration of independent members of the Supervisory Board consists of a basic fixed amount approved by a decision of the Bank's highest governing body of the Bank and a non-cash incentive — liability insurance for members of the Supervisory Board — D&O insurance.
- 2.14. The remuneration of the members of the Board is paid by the Bank. The fixed remuneration is calculated based on the acts of services actually rendered, in accordance with the provisions of the concluded civil law contracts, and is payable to the member of the Supervisory Board at the end of the financial year during which the member performed their duties. If a member of the Supervisory Board begins or ceases to perform their duties as a member of the Supervisory Board and/or Supervisory Board committees during the financial year, the remuneration payable shall be calculated on a pro rata basis.
- 2.15. Remuneration of the Board members shall be paid to the current account of the respective Board member, the details of which shall be provided to the Bank in writing or by e-mail, by transferring funds in the amount specified in the civil law agreement and in accordance with clause 2.14 hereof, less all necessary taxes, fees and other mandatory payments in accordance with the applicable legislation of Ukraine.
- 2.16. If it is impossible to pay the fee within the specified period due to lack of necessary account details for the transfer of funds, the payment of the fee may be made within five (5) working days from the date of receipt of the necessary data.
- 2.17. In the event of a change in the procedure or frequency of payment of remuneration to an acting member of the Supervisory Board at their request, the Bank shall enter into a new or additional contract with such a member to the main civil contract for the exercise of the powers of a member of the Board, concluded earlier.
- 2.18. Periodic independent external evaluation of the remuneration of members of the Supervisory Board on a permanent basis is not conducted, however, by decision of the general meeting of shareholders (sole shareholder) such an evaluation can be carried out.

3. Report on the Bank Supervisory Board Members Remuneration

- 3.1. The Bank shall annually prepare a report on the remuneration of the Board members in accordance with the requirements established by the applicable legislation of Ukraine, the Bank's Articles of Association, and this Policy.
- 3.2. The remuneration report must contain information on:
 - 1) the amounts of remuneration accrued/paid for/in previous periods and/or should be paid to members of the Supervisory Board based on the results of the reporting financial year (broken down into fixed and variable components of remuneration, in cash and non-cash instruments);
 - 2) the terms of remuneration payments (actually paid amounts and deferred remuneration, with indication of deferral periods);
 - 3) a description of the non-cash instruments in which remuneration is to be paid to members of the Board;
 - 4) any instances in which the Bank exercised its right to reduce / cancel / reclaim variable remuneration previously paid to members of the Board;
 - 5) violations of the terms of the Policy identified by the Bank (if any) and measures or decisions applied as a result of such violations;

- 6) the actual attendance of a member of the Board at meetings of the Board and its committees of which they are a member, or the reasons for their absence;
 - 7) decisions that a member of the Bank's Board refused to make due to a conflict of interest that prevented him/her from fully performing their duties without prejudice to the interests of the Bank, its depositors, and shareholders;
 - 8) decisions on transactions with the Bank's related persons adopted with the support of a member of the Board of the Bank;
 - 9) untimely or inadequate performance of their obligations to the Bank by the Bank's related persons, the decision on transactions with which was adopted with the support of a member of the Board of the Bank;
 - 10) confirmed facts of unacceptable behaviour of a member of the Bank's Board (including those reported confidentially) and measures taken based on the results of an investigation, if such facts/measures have an impact on the payment of remuneration to the member of the Bank's Board;
 - 11) the presence / absence of justified grounds for the payment / deferral / reduction / return of variable remuneration of a member of the Board;
- 3.3. The remuneration report must contain the following information regarding payments in cash and/or non-cash instruments (if any) made to members of the Board in the reporting financial year:
- 1) amounts of payments related to hiring/dismissal;
 - 2) the market value of rewards paid in the form of material incentives, in the event that the Bank made such payments.
- 3.4. The remuneration report must contain the following information regarding remuneration in the form of participation by members of the Board in an additional pension benefit programme (if any) in the case of:
- 1) participation in a defined benefit plan — information on changes in planned benefits that occurred during the reporting financial year;
 - 2) participation in a defined contribution plan — information on contributions paid by the Bank on behalf of members of the Board during the reporting financial year.
- 3.5. The remuneration report shall contain information on loans, credits or guarantees granted by the Bank to members of the Board during the reporting financial year (with indication of amounts and interest rates).
- 3.6. In the event of non-application of disclosure requirements or their absence, the remuneration report shall state the reasons for such non-disclosure.
- 3.7. The General Meeting of Shareholders of the Bank (sole shareholder) approves the report on the remuneration of the members of the Board upon submission by the Board, following its preliminary review by the Committee of the Supervisory Board of the Bank on Remuneration and Appointments.
- 3.8. The Bank publishes the report on the remuneration paid to the members of the Board during the reporting financial year on its website on the Internet within 15 working days from the date of its approval by the General Meeting of Shareholders (decision of the sole shareholder) with the possibility of its review.
- 3.9. The Bank shall include in its annual report information on the remuneration of the members of the Supervisory Board, as determined by this Policy.

4. Final Provisions

- 4.1. The issue of the appropriateness of amending this Policy is included in the agenda of each annual general meeting of shareholders or is considered by the sole shareholder on an annual basis and is

formalised by a written decision, or is subject to consideration if there are proposals to amend the Policy.

- 4.2. In the event of proposals to amend this Policy, the Bank shall ensure that the Bank's shareholders are provided with a description of the proposed changes to the remuneration system compared to the previous year (period).
- 4.3. The General Meeting of Shareholders of the Bank (sole shareholder) approves this Policy and any amendments thereto upon submission by the Supervisory Board, following their preliminary review by the Remuneration and Appointments Committee of the Supervisory Board of the Bank.
- 4.4. The Bank shall post this Remuneration Policy on its website within 15 business days from the date of its approval / amendment to ensure public access for review.
- 4.5. In case of any inconsistency between any part of this Policy and the applicable legislation of Ukraine, including regulations of the National Bank of Ukraine whether due to the adoption of new regulations or amendments to existing ones this Policy shall remain valid only to the extent that it does not contradict the applicable legislation of Ukraine. Until the relevant amendments to this Policy are made, the Bank's employees shall be guided in their work by the applicable laws of Ukraine.