

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

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1. The purpose of the policy

- 1.1. In its everyday activities, ProCredit Bank (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.

The remuneration policy 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 does not apply the performance-based variable part of remuneration (bonuses, etc.) and, therefore, the Bank does not make severance payments until the performance of the employees is assessed, goals are achieved, and powers are exercised. This approach is based on the fact that variable remuneration creates wrong incentives for decisions, which, on the one hand, can temporarily improve the short-term results of the Bank, but, on the other hand, cause undesirable risks or encourage the Bank to take risks that exceed the level acceptable to the Bank in the long term. The Bank does not have any specific approach to remuneration of members of the Supervisory Board and applies to them the same principles as to remuneration of employees of the Bank. Employment agreements (contracts) of the Bank with members of the Supervisory Board do not provide for any elements of variable part of remuneration. It is worth noting that the members of the Supervisory Board share the same values that are common for the entire international group of ProCredit banks and strive to take part in its development, they are guided by the same principles of work and are not motivated by material remuneration exclusively.

Remuneration in the Bank is set in compliance with the principle of gender neutrality and equal remuneration of male and female employees for equal work as well as work of equal value.

- 1.2. This Policy on the Supervisory Board Members Remuneration (hereinafter “the Policy”) is designed to establish a transparent system of remuneration of the Supervisory Board members (hereinafter also “the Board”) for their activities as Chairman and members of the Supervisory Board, Chairman and members of the Supervisory Board Committees and performance of their official duties. The Policy is implemented in accordance with the requirements of the Laws of Ukraine “On Banks and Banking”, “On Joint Stock Companies”, Regulations on remuneration of a bank, approved by Resolution of the Board of the National Bank of Ukraine dated 30 November 2020 No. 153, 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, of the Bank’s Articles of Association, Regulations on the Supervisory Board of ProCredit Bank JSC, which is approved and reviewed by the General Meeting of Shareholders or by a decision of the sole shareholder of the Bank.
- 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 due, payment, approval and publication of the remuneration report.
- 1.4. The Policy is binding and applies to all members of the Supervisory Board of ProCredit Bank JSC.

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, risk management, consideration of strategic goals and promotion of corporate values. The remuneration of Board members should be reasonably justified and not depend on the Bank’s performance and should not encourage the acceptance of risks that are not acceptable under normal circumstances.
- 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 law contract between a member of the Board and the Bank for the exercise of powers of a member of the Board.
- 2.3. The remuneration system of the members of the Supervisory Board of the Bank provides for the payment of only a fixed remuneration and the amount of reimbursement of expenses incurred in connection with the performance of official duties of the member of the Supervisory Board of the Bank.

2.4. The fixed annual remuneration includes remuneration for:

- performance of their duties as a member of the Supervisory Board;
- work in the committee/committees of the Supervisory Board;
- acting as the Chairman of the Audit Committee, Risk Management Committee.

- 2.5. The term for payment of remuneration begins on the next working day after the National Bank of Ukraine approves their appointment as the Chairman or a member of the Supervisory Board of the Bank and is paid on a regular basis throughout the entire period of performance of functions by a member of the Board.
- 2.6. Establishment and payment of a variable component, material payments in cash and/or measures of non-monetary incentives, additional pension provision, remuneration in case of early retirement, dismissal payments, etc. are not provided by the remuneration system for Board members in the Bank.
- 2.7. 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 law contract with each member of the Board (in case of concluding the contract on a paid basis).
- 2.8. Civil law 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.
- 2.9. The term of civil law contracts with members of the Supervisory Board is set from the moment of their conclusion (beginning of the term) and is unlimited. 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.
- 2.10. On behalf of the Bank, civil law contracts with members of the Supervisory Board shall be signed by a person authorized by the General Meeting of Shareholders (by decision of the Sole Shareholder) of the Bank (Chairman of the Management Board of the Bank or Deputy Chairman of the Management Board).
- 2.11. 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 of their powers as a member of the Supervisory Board, such person shall be reimbursed for expenses related to the performance of functions of the Member of Supervisory Board, including representation expenses. The Member of Supervisory Board shall be reimbursed for expenses related to and directly arising from the performance of his/her duties and in connection with business trips, which include per diems during the business trips, which include per diems during the business trip, fare to the destination and back, rental costs and other documented incidental expenses during a business trip in the manner and amounts established by the current legislation of Ukraine.
- 2.12. The Remuneration of independent members of the Supervisory Board consists of a basic fixed amount approved by the decision of the supreme governing body of the Bank, as well as of compensation costs incurred in connection with the exercise of their powers (business trips, representation expenses).
- 2.13. Remuneration of the members of the Board is entrusted to the Bank.
Fixed remuneration is calculated on the basis of acts of services actually provided in accordance with the provisions of concluded civil law contracts and shall be paid to the Supervisory Board Member at the end of the financial year in which the Supervisory Board Member performed his/her duties. If a member of the Supervisory Board commences or terminates his/her duties as a member of the Supervisory Board and/or committees of the Supervisory Board during the financial year, the remuneration payable shall be calculated on a pro rata basis.
- 2.14. The Bank calculates the amount of remuneration in such a way that after taxation in accordance with the requirements of current legislation of Ukraine, the amount to be paid corresponds to the amount specified in the civil law contract.
- 2.15. Remuneration of Board members is paid to the current account of the Board member, the details of which the member notifies to the Bank in writing or by e-mail, by transferring funds in the amount determined in accordance with clause 2.14 hereof, less all necessary taxes, fees and other mandatory payments in accordance with the 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 law 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 remuneration of the Bank's Supervisory Board members

- 3.1. the Bank prepares annually a report on the remuneration of the members of the Board in accordance with the requirements established by the current legislation of Ukraine, the Bank's Articles of Association and this Policy.
- 3.2. The report of the Supervisory Board members remuneration is submitted for consideration and approval by the general meeting of shareholders (sole shareholder) of the Bank.
- 3.3. The remuneration report must contain information on:
 - 1) the amounts of remuneration accrued/paid for/prior periods and/or to be paid to the members of the Supervisory Board based on the results of the financial year under review (in terms of fixed and variable components of remuneration, in cash and in non-cash instruments);
 - 2) terms of payment of remuneration (actually paid remuneration and deferred remuneration by deferral periods);
 - 3) description of non-monetary instruments in which remuneration to the members of the Board is to be paid;
 - 4) the facts of the Bank's exercise of the right to reduce/cancel/refund the variable remuneration previously paid to the members of the Board;
 - 5) violations of the terms of the Policy detected by the Bank (if any) and measures or decisions taken as a result of such violations;
 - 6) actual attendance of a member of the Board at meetings of the Board and its committees, of which such member is a member, or the reason for his/her absence;
 - 7) confirmed facts of unacceptable behaviour of a member of the Board of the Bank (including those reported in confidence) and measures taken as a result of the investigation if such facts/measures have an impact on the payment of remuneration to a member of the Bank's Board;
 - 8) presence / absence of valid reasons for payment / deferral / reduction / refund of variable remuneration to a member of the Bank's Management Board;
- 3.4. The remuneration report shall contain the following information on payments in cash and/or non-monetary instruments (if any) made to the members of the Board in the reporting financial year:
 - 1) amounts of payments related to hiring/dismissal;
 - 2) the market value of remuneration paid by means of material incentives, if the Bank makes such payments.
- 3.5. The remuneration report shall contain the following information on remuneration in the form of participation of the members of the Board in the program of additional pension payments (if any) in case:
 - 1) participation in a defined benefit plan - in respect of changes in the planned benefits that occurred during the reporting financial year;

- 2) participation in the defined contribution program - in respect of contributions paid by the Bank in respect of the members of the Board during the reporting financial year.
- 3.6. The remuneration report shall contain information on loans, credits or guarantees granted by the Bank to the members of the Supervisory Board during the reporting financial year (with indication of amounts and interest rates).
- 3.7. In case of non-application of the requirements for disclosure of information the report shall specify the reasons for such non-disclosure.
- 3.8. The General Meeting of Shareholders of the Bank ("Sole Shareholder") shall approve the report on remuneration of the members of the Board upon submission of the Board after its preliminary review by the Remuneration and Nomination Committee of the Supervisory Board of the Bank.
- 3.9. The Bank shall publish a report on remuneration paid to the members of the Board during the reporting financial year on its website within 15 business days from the date of its approval by the General Meeting of Shareholders (by decision of the Sole Shareholder) of the Bank, providing the possibility of its review.
- 3.10. The Bank shall include in the annual report of the Bank the information on remuneration of the members of the Supervisory Board as defined in this Policy.

4. Procedure for Policy Review and Promulgation

- 4.1. The issue of the expediency of amending this Policy shall be included in the agenda of each annual general meeting of shareholders or considered by the sole shareholder annually and executed in a written decision or shall be considered in the presence of proposals to amend the Policy.
- 4.2. If there are proposals to amend this Policy, the Bank shall provide the Bank's Shareholders 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 changes hereto upon proposal of the Supervisory Board after their preliminary review by the Remuneration and Nomination Committee of the Supervisory Board.
- 4.4. The Bank places the Policy on Remuneration on its own website on the Internet within 15 working days from the date of its approval/amendments thereto, with the possibility of its review.