

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 and Co. KGaA, 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.). 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 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 and performance of 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, 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 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.
- 2.4. 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.

- 2.5. 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.

The General Meeting has the right to decide on the payment of additional remuneration to a member of the Supervisory Board for performance of work outside the scope of his/her normal functions, establishment of variable remuneration in the Bank and approve the procedure of its payment (partially, with deferral, reduction or cancellation of the payment taking into account the results of activities, financial condition of the Bank, etc.), as well as in the future to decide on the establishment of dismissal payments.

- 2.6. 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).
- 2.7. 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. In case the Bank decides to establish dismissal payments for members of the Supervisory Board in accordance with clause 2.5. above, the conditions for dismissal payments should be included in the contracts for the exercise of the powers of a member of the Board.
- 2.8. The term of civil 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.
- 2.9. On behalf of the Bank, civil contracts with members of the Supervisory Board are signed by the Chairman of the Management Board or the Deputy Chairman of the Management Board.
- 2.10. 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 in connection with 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.
- 2.11. 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.
- 2.12. Remuneration of the members of the Board is entrusted to the Bank.
Remuneration is calculated on the basis of acts of services actually provided in accordance with the provisions of concluded civil contracts.
- 2.13. 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 contract.
- 2.14. 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 2.13 hereof, less all necessary taxes, fees and other mandatory payments in accordance with the legislation of Ukraine.
- 2.15. 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.
- 2.16. 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.

2.17. 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 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 that were and/or should be paid to the members of the Supervisory Board based on the results of the reporting financial year;
 - 2) terms of actual payment of remuneration, their compliance with this Policy;
 - 3) a full description of the structure of all components of remuneration that were paid/shall be paid to members of the Board;
 - 4) participants in the introduction of the remuneration system; Such information includes data on:
 - powers and composition of the remuneration committee of the Supervisory Board (if established);
 - name/s of external consultants (if any);
 - the role of the Bank's shareholders in the process of implementing the remuneration system.
 - 5) deviations of the amounts of actual payments from the amounts payable hereunder, as well as an explanation of the reasons for such deviation and specific elements of the Policy in respect of which the deviation occurred, if such deviations occurred during the reporting year;
 - 6) violations of the terms of the Policy identified by the Bank (if any) and measures or decisions applied as a result of such violations;
 - 7) the actual presence of a member of the Board at meetings of the Board and its committees (in case of their creation), or the reasons for their absence;
 - 8) decisions that a member of the Bank's Board refused to make because the conflict of interest did not allow him/her to fully perform his/her duties without prejudice to the interests of the Bank, its depositors and participants;
 - 9) decisions on transactions with related parties adopted with the support of a member of the Bank's Board;
 - 10) untimely or improper fulfilment of obligations to the Bank by persons related to the Bank, the decision on transactions with which was made with the support of a member of the Bank's Board;
 - 11) 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;
 - 12) the total amount of funds paid by the Bank in the reporting financial year;
 - 13) the amount of reimbursement of expenses incurred in connection with the performance of official duties;
 - 14) the amount of funds paid by the Bank as additional remuneration for performance of work outside the usual functions;
- 3.4. The report on the remuneration must contain information on the provision of loans, credits or guarantees by the Bank and/or persons related to the Bank during the reporting financial year to the members of the Supervisory Board (indicating the amounts and interest rates).

- 3.5. In case of non-application of the requirements for disclosure of information, in particular regarding:
- 1) performance evaluation criteria (with indication of how they were achieved), based on the results of which the variable remuneration was accrued (if the variable remuneration was accrued)
 - 2) confirmed facts of unacceptable behaviour of a member of the Bank's Board (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
 - 3) facts of the Bank's exercise of the right to return the variable remuneration previously paid to the members of the Board;
 - 4) incentive programmes;
 - 5) presence/absence of valid reasons for payment/delay/reduction/refund of variable remuneration to a member of the Bank's Board;
 - 6) amounts of funds paid by the Bank as variable remuneration (for each type of variable remuneration) and the basis for their payment;
 - 7) amounts of severance payments If the general meeting of shareholders or the sole shareholder of the Bank adopts a separate resolution on establishing a variable part of remuneration or incentive programs (e.g., pension programs), other remuneration or payments, including in-kind payments, the report shall disclose information in accordance with the requirements of NBU Resolution No. 153.

4. Procedure for Policy Review and Promulgation

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.

When making changes hereto, the draft of such changes shall be preliminarily considered and agreed upon by the following structural subdivisions of the Bank: the compliance unit, the risk management unit, the personnel unit, the reporting and financial controlling unit, the accounting unit, and the legal unit.

- 4.1. The General Meeting of Shareholders of the Bank (sole shareholder) approves this Policy and any changes hereto after their consideration by the Supervisory Board of the Bank and upon its submission.
- 4.2. 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.