

“ACBA BANK” OJSC BOARD GOVERNANCE, NOMINATIONS AND REMUNERATIONS COMMITTEE CHARTER

The purpose of “ACBA BANK” OJSC board governance, nominations and remunerations committee charter (hereinafter the Charter) is to define the procedure of formation of the Board governance, nominations and remunerations committee (hereinafter the Committee) of “ACBA BANK” OJSC (hereinafter the Bank), the requirements submitted to the members of the Committee, the procedure of convening meetings and their participation, the Committee’s operation, areas of responsibility of the Committee and the scope of responsibility of the Chair of the Committee.

This charter is applied by the Board of the Bank, the Chair, the members and the Secretary of the Committee.

CHAPTER 1. GENERAL PROVISIONS

1.1. The Board of the Bank (hereinafter the Board) has delegated its functions for matters related to governance, nomination and remuneration to Committee, in particular, for:

- 1) Overseeing and monitoring the corporate governance framework of the Bank and making recommendations to the Board to ensure that the framework is consistent with corporate governance standards and best practice.
- 2) Assisting the Board in keeping the composition of the Board and its committees under review and to lead the process for nominations to the Board and its committees.
- 3) Overseeing a continuous and proactive process for planning and assessment of candidates to ensure plans are in place for the orderly succession for members of the Board, Group Executive and other senior appointments within the Bank.
- 4) Being satisfied that good remuneration frameworks and practices are in place for the Bank’s workforce.

CHAPTER 2. MEMBERSHIP

2.1. The Committee (including the Chair) will comprise of at least three members.

2.2. The Chair of the Committee shall be appointed by the Board from among the independent Board members.

CHAPTER 3. ATTENDANCE IN THE MEETINGS OF THE COMMITTEE

3.1. Only members have the right to attend Committee meetings.

3.2. Any other person can attend, by invitation of the Chair for the whole or part of the meeting.

3.3. Members are expected to attend Committee meetings in person where possible but may also attend by telephone or video conference.

CHAPTER 4. MEETINGS AND QUORUM

4.1. The Committee shall meet with sufficient notice and with such frequency and at such times as it may determine.

4.2. The quorum for meetings is two members, including the Chair (or his/her delegate from among the members).

4.3. The Secretary of the Committee is the Bank’s Corporate Secretary (or their nominee).

CHAPTER 5. RESPONSIBILITY OF THE CHAIR OF THE COMMITTEE

5.1. The role of the Chair requires:

- 1) fostering an open, inclusive and, where necessary, challenging discussion;
- 2) ensuring the Committee has the information necessary to perform its tasks and that it devotes appropriate attention to the matters within its remit;
- 3) facilitating the running of the Committee;
- 4) reporting to the Board on the activities of the Committee;
- 5) attending the Bank’s Annual General Meeting to answer any shareholder questions on the activities of the Committee.

CHAPTER 6. AREAS OF RESPONSIBILITY OF THE COMMITTEE

6.1. The Committee's responsibilities shall include:

1) **Governance:**

a. reviews and develops the Bank's corporate governance framework on behalf of the Board and ensure it is consistent with best corporate governance standards and practices while remaining appropriate for and proportionate to the size, complexity and strategy of the Bank.

b. monitors whether the Board performs its duties and functions in accordance with regulations or not.

c. monitors and ensures that the Bank's governance system complies with international best practices and standards.

d. periodically pre-reviews and pre-approves the Bank's charter, corporate governance code, policies in the field of governance, ensures the implementation in practice of the requirements of the mentioned legal acts.

e. assists the Board in protecting the rights of shareholders.

f. develops corporate governance reports.

g. submits for approval corporate culture and values, as well as an "ethical tone", assists in their oversight and communication.

h. monitors the effectiveness of the Bank's governance activities and, if necessary, submits proposals for changes. This includes the following:

1) monitoring of the practices internal organisation and governance structure and practices, preliminary approval of the structure,

2) monitoring of the structures and practices of the Board and the Board committees, preliminary approval of the structures,

3) introduction of clear lines of accountability for management,

4) organization of self-evaluation processes of the Board and its committees, as well as the evaluation of the results of the activities of individual members of the Board, the Chairman of the Board, and key personnel, summarizing their results, and developing and implementing interim measures resulting from them (including mandatory and/or continuous trainings for Board members).

i. oversees maintenance of effective relationship with supervisor, i.e. the CBA of RA.

j. oversees and manages potential conflicts of interest of management, Board members and shareholders, including abuses related to the use of corporate assets and related party transactions.

ja. oversees disclosure and communication of information by the Bank.

jb. reviews the independence of the Board Members including:

1) the balance of the number of independent Board members;

2) the length of service and renewal of the terms of office of Board members;

3) the re-election by shareholders of Board members retiring annually;

4) any situational conflict which a Board members may have with the interests of the Bank;

5) any other relevant matter.

2) **Nomination:**

a. reviews the composition of the Board and its committees and makes recommendations to the Board on appointments based on merit and aligned with objective criteria promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

b. plan for the orderly succession of members of the Board and Executive, particularly for the key roles of the Chairman, and Chief Executive Officer, and oversees the development of a diverse pipeline for succession.

c. advises the Board on the selection of new Board members. The Committee should analyze the Board member's role and responsibilities and the knowledge, experience and competencies that this role requires.

d. advises the Board on senior executive and key personnel appointments (including interim appointments) on the recommendation of the CEO.

e. advises the Board on the termination of powers of Board members, senior management and other key personnel members or on succession planning.

f. makes recommendations for approval by the Board of the membership of Board committees.

g. ensures that the Bank has a clear, thorough and transparent process for discovery, identification, evaluation and selection of Board member candidates.

h. develops and constantly reviews the Board skills matrix.

i. maintains a database of potential candidates for replacement of Board members, senior management and key personnel, ensuring their proper succession planning, as well as pre-approves their job descriptions.

j. organizes orientation and induction programs for Board members, identifies the qualifications of Board members, senior management and key personnel, ensures that Board members have ongoing trainings on relevant issues and areas.

ja. assists the Board in overseeing staff or human resources policies, checks whether the selection, evaluation and decision-making procedures for the appointment of Board members and staff are consistent with the Bank's objectives, risk appetite, the Bank's internal rules and regulations.

jb. approves selection of organizations supporting the Bank in the selection of Board members and staff, as well as on the remuneration and maintenance conditions of such organizations.

jc. in making its recommendations, the Committee shall take account of the following:

1) the leadership needs of the Bank.

2) the structure, size, composition and time requirements of the Board to ensure Board responsibilities can be met.

3) the balance of skills, experience, independence and knowledge of candidates so as to ensure that those who are appointed are best able to meet the challenges and opportunities facing the Bank and to promote its success.

4) the diversity and inclusion, including the need to consider candidates from a wide range of backgrounds.

5) other demands on the time of Directors and candidates for appointment as Directors, including actual or potential conflicts.

3) Remuneration:

a. reviewing and pre-approving the principles, parameters and governance of the Bank's remuneration framework as applicable to the Bank's workforce, including:

1) the methods for measuring performance;

2) fixed and variable pay plans;

3) retirement plans;

4) employee share plans (prior to referral to shareholders, as applicable);

5) shareholding requirements;

6) malus, clawback and other risk adjustment mechanisms; and

7) severance plans.

b. satisfying itself that the framework is:

1) aligned with the business strategy, risk appetite, culture and values, and long-term sustainable success of the Bank;

2) aligned with the interests of its shareholder and other stakeholders; and

3) free from bias of any form.

c. reviewing and pre-approving:

1) the aggregate variable pay pool to be distributed to the Bank's workforce; and

2) new hire packages, fixed pay changes, international assignment terms, exceptional payments, annual total remuneration and severance packages (together, the 'remuneration') for any Bank employee where it exceeds an amount specified by the Committee from time to time (the 'Committee Individual Threshold');

3) individual discretions in accordance with the terms of any deferred remuneration plan;

4) individual awards that require regulatory approval.

d. overseeing the wider workforce value proposition to ensure this supports the Bank's business strategy, goals and long-term sustainable success.

e. reviewing and pre-approving the remuneration for Senior Executives, ensuring that these decisions take account of wider workforce pay and people strategies.

f. recommending to the Board, the Board's Remuneration Policy and any other remuneration matters that may require Board approval.

g. assessing that there are effective safeguards in place to ensure that the remuneration framework complies with regulatory and other legislative requirements that the Bank is subject to.

h. reviewing any matters relating to remuneration that need to be reported to the Board, shareholders or the regulator, including the review and approval of:

1) the content of the Board Remuneration Report in the annual report and accounts for approval by the Board as a whole;

- 2) the Bank's regulatory submissions including the Bank's 'Remuneration Policy Statement' for each financial year.
- i. satisfying itself that the remuneration framework:
- 1) aligns with the Bank's purpose, strategy, values and promotes inclusion, employee engagement and wellbeing;
 - 2) takes into account all types of risks, liquidity and capital levels;
 - 3) is consistent with and promotes the sound and effective risk management of the Bank;
 - 4) does not encourage risk-taking that exceeds the level of tolerated risk of the Bank; and
 - 5) does not encourage the Bank to bear any risk that would undermine its ability to comply with any regulatory obligation.
- j. seeking advice from the Bank Risk Committee on the alignment of remuneration with risk appetite and conduct.
- ja. considering material issues communicated to it by the Bank Audit Committee arising from the work of Internal Audit relating to matters within this charter.
- 3.1. In carrying out the responsibilities mentioned in Subclause 3 of Clause 6.1 of this Charter, the Committee shall:
- 1) determine the governance of, and delegated mandates for, approving individual remuneration packages and any changes to framework as covered in 6.3.1-6.3.4;
 - 2) satisfy itself that remuneration for employees in the Risk & Compliance, and Internal Audit, functions is determined independently of other business areas;
 - 3) ensure that no employee is involved in deciding their own remuneration;
 - 4) regularly review the effectiveness of the Bank's remuneration framework, to ensure practices continue to react appropriately to external and internal events and to allow the Committee to test the criteria used for determining remuneration awards and risk adjustment; and
 - 5) ensure that the remuneration structures and procedures implemented to achieve compliance with remuneration regulations are subject to both central and independent internal review at least annually.

CHAPTER 7. OPERATION OF THE COMMITTEE

7.1. To ensure effective operation, the Committee:

- 1) shall recommend to the Board the appointment of an external facilitator to conduct a review of the effectiveness of the Board at least every three years;
- 2) shall seek confirmation on an annual basis (at least) from the relevant executive management members that remuneration policies and procedures have been implemented as approved by the Board;
- 3) shall review annually these terms of reference and its own effectiveness as well as the quality of information it receives and recommend any necessary changes;
- 4) shall report to the Board on the matters set out in this charter, how the Committee has discharged its responsibilities and will make recommendations on action needed to resolve concerns or make improvements;
- 5) is authorised by the Board to engage independent professional advisers and have access to such resources, including employees, as it may consider appropriate to enable it to meet its responsibilities under this charter;
- 6) shall work with and liaise as necessary with all other Board committees (including to determine where there is an overlap in responsibilities);
- 7) shall give consideration to laws and regulations.

CHAPTER 8. TRANSITIONAL PROVISIONS

8.1. The Charter goes into effect since 11 November 2022.