

Stopanska Banka AD - Skopje

REMUNERATION COMMITTEE RULES OF PROCEDURE

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I. PURPOSE OF THE REMUNERATION COMMITTEE

- (1) The purpose of Stopanska banka AD – Skopje Remuneration Committee (“RC”) is to assist Supervisory Board of Stopanska banka AD – Skopje in performing its oversight responsibility to shareholders by ensuring that Stopanska banka AD – Skopje (“SB”) have coherent remuneration policies and practices that fairly and responsibly reward individuals regarding the performance, within the risk management framework, legal regulations, business strategy and highest standards of corporate governance.
- (2) In fulfilling its tasks and duties, the Committee shall take into consideration the long-term interests of shareholders, investors and other stakeholders, while ensuring sound and prudent management of the Bank and preventing or minimizing any conflict of interest.

II. MEMBERSHIP

- (1) The Remuneration Committee is comprised of **three Supervisory Board members**, the majority of whom should be **independent**, including its Chairman. The Committee’s members are appointed by the Supervisory Board of Stopanska Banka AD – Skopje and shall be selected on the basis of their competence and experience. At least one member should have adequate expertise, training and professional experience in risk management and monitoring activities in order to assist in aligning the remuneration structure with the Bank’s risk and capital profile.
- (2) Membership of the Committee does not rule out the possibility of participating in other Supervisory Board committees of the Bank.
- (3) The Committee should not include members who are senior executives in companies in which other Board members or senior executives of the Bank hold a position that could influence their remuneration.
- (4) The Committee members shall be appointed for a **one-year term of office**, which can be extended for indefinite periods, provided that the Committee member still meets the criteria for the membership of the Committee and the Supervisory Board.
- (5) Committee members shall receive an **annual remuneration** for their membership, on top of their basic remuneration as Supervisory Board members, which is defined by the Supervisory Board’s decision.

2.1. Chairman

- (1) The Chairman of the Committee shall convene the Remuneration Committee meetings.

2.2. Regular Attendees

- (1) Board of Directors members have an open invitation to attend meetings. At the invitation of the Committee, others may also attend its meetings.
- (2) No person shall be in attendance when matters concerning their own remuneration are discussed.

2.3. Secretary

- (1) In carrying out its activities the Committee shall be supported by the Committee Secretary that may be the Bank Secretary or another person designated by the Chairman of the Committee.

III. MODUS OPERANDI

3.1. Quorum

- (1) The Committee shall operate if two out of three members are present, including the Chairman, and the representative of NBG.

3.2. Meetings

- (1) The Committee shall meet at least **2 times per year**, or more frequently as circumstances dictate.
- (2) The meetings shall be called by the Secretary at the request of the Chairman. The meeting shall be convened through circulation of agenda confirming the venue, time and date. Together with the agenda the items that shall be discussed shall be forwarded to each member of the Committee, and any other persons required to attend, no later than **four working days** before the date of the meeting. The relevant documents shall be circulated by email.
- (3) At its first meeting of each calendar year the Committee will decide on an annual calendar and rolling agenda.
- (4) The Secretary shall minute the proceedings of all meetings of the Committee. The draft minutes of the Committee meetings shall be circulated to all members and shall be confirmed on the next meeting of the Committee.
- (5) The meetings are held by physical presence, teleconference and videoconference or written consent. The Chairman may also ask the Committee members to decide on certain documents through exchange of emails.
- (6) The Decisions of the Committee are valid only in case **unanimously** passed by the members present on the meeting.

IV. REPORTING AND DISCLOSURE

- (1) The Chairman will report to the Supervisory board on the Committee's proceedings after each meeting.
- (2) The Committee shall prepare a Remuneration Report part of which will be included in the Bank Corporate Governance Code that is integral part of the Annual Report.
- (3) The Remuneration Committee shall be listed in the Bank Annual Report.

V. RESPONSIBILITIES AND DUTIES

- (1) To carry out its task the Committee shall undertake the following duties and responsibilities:
 - Prepare Supervisory board decisions concerning the remuneration of the staff that have an impact on the risk assumed and their management of the Bank;
 - Suggest corrective actions in the event that are any difficulties or deviations in the implementation of the Remuneration Policy;
 - Devote attention in ensuring that during assessment of the mechanisms deployed for the risk alignment of the Remuneration policy all types of risks, liquidity and capital levels of the Bank are properly taken into account;
 - In line with the Remuneration Policy suggest to the Supervisory Board the remuneration of the CEO and following the proposal of the CEO remuneration of other board members and the remuneration of senior managers. Such remuneration should reflect the powers, duties, expertise and responsibilities of the specified persons;
 - Make recommendation to the Supervisory Board regarding the levels of remuneration of the executives and other employees, which remuneration is subject of approval of the Remuneration Committee in accordance with the Remuneration Policy;
 - Oversees the remuneration of Senior Management of the Bank in the Risk Management and Compliance Division;
 - Approves and revise the List of Risk Takers, i.e. employees of SB covered by the Remuneration Policy;
 - Assesses the reports of Internal Audit Division which include findings of its audit on the remuneration policy;
 - Collaborates with other Committees whose activities may have impact on preparation of effective implementation of the Remuneration Policy and its practices;
 - Ensures adequate consultative involvement in the preparation, review and implementation of the Remuneration Policy of competent units responsible for: risk management, compliance, internal audit and human resources;
 - Review regularly trends in executive compensation and benchmarking in the banking sector in order to analyze the scenarios to test how the remuneration scheme will react to future internal and external events and back test it as well;
 - Perform any other activities within the scope of this Rules, at the request of the Supervisory Board or as required by the Corporate Governance Code.

VI. OTHER RESPONSIBILITIES

- (1) The Committee has the Supervisory Board authorization to the extend it deems necessary to retain independent legal accounting, risk or other advisors and engage or terminate such advisors on its own terms.
- (2) The Committee may require the management to provide access to any information concerning remuneration within the Bank as well as any report or information on risks in a manner that does not hinder the ordinary activities of the Bank.

VII. REVIEW REQUIREMENTS

- (1) The Committee shall at least once a year review its own performance, composition and this Rules to ensure it is operating at maximum effectiveness and to recommend any changes it consider necessary to the Supervisory Board for approval.
- (2) These Rules will come into force upon its approval by the Supervisory Board of Stopanska Banka AD – Skopje.

Vladimir Filipovski

Chairman of the Remuneration Committee

21.05.2021

Marinis Stratopoulos

Chairman of the Supervisory Board

26.05.2021

S.B. No. 41/2021

Document Change History

Version No.	Prepared by	Approved by	Date of Approval	Description of amendments
1				
2	Chairman's Office	Remuneration Committee, Supervisory Board	28.04.2015;	Modus operandi amendments – change in the quorum requirements;
3	Chairman's Office	Remuneration Committee, Supervisory Board	21.06.2017 22.06.2017	The membership in the Remuneration Committee is limited, with provision that the Committee should not include members who are senior executives in companies in which other Board members or senior executives of the Bank hold a position that could influence their remuneration; Concerning the quorum of the Committee, it shall operate if two out of three members are present, <i>but</i> one of the present members must be its Chairman; minor technical amendments
4	Chairman's Office	Remuneration Committee, Supervisory Board	11.12.2018; 13.12.2018	Besides the minor technical amendments, the following changes are proposed: <ul style="list-style-type: none"> - the limitation of the possibility for reappointment of the RC members is erased; & - the reporting requirements are simplified.
5	Chairman's Office	Remuneration Committee, Supervisory Board	20.11.2019 28.05.2020	Annual review of the Rules. No changes required.
6	Chairman's Office	Remuneration Committee, Supervisory Board		Annual review of the Rules. Additional responsibility identified for the Remuneration Committee.