



# **Human Resources Committee Statute**

## **JSC PASHA Bank Georgia**

## Contents

1. General Provisions.....	3
2. Purpose of the Committee .....	3
3. Duties and Responsibilities of the Committee .....	3
4. Rights of Committee .....	4
5. Membership, Composition and Term of Office .....	5
6. Chairman of the Committee.....	6
7. Secretary of the Committee .....	7
8. Timing and Procedure for Convening Regular Meetings of the Committee.....	7
9. Extraordinary Meetings of the Committee .....	8
10. Procedure for Conducting Committee Meetings .....	9
11. Procedure for Adoption of Resolutions by the Committee.....	10
12. Accountability of the Committee to the Board.....	10
13. Inside Information.....	11
14. Liability of the Committee Members .....	11
15. Expenses of the Committee.....	12
16. Approval of and Amendments to the Statute .....	12
17. Final Provisions .....	12

## **1. General Provisions**

- 1.1. The present Statute of Human Resources Committee (hereinafter referred to as the “Committee”) of JSC PASHA Bank Georgia (hereinafter referred to as the “Bank”) is prepared in accordance with the Georgian legislation, corporate governance standards and internal regulatory documents of the Bank.
- 1.2. The work of the Committee shall be governed by the applicable laws, the internal regulations regarding the Committee, resolutions of the Board, and other applicable internal documents of the Bank, approved by the General Meeting of Shareholders and the Supervisory Board of the Bank, as well as by own resolutions.
- 1.3. The Statute is the main document regulating the Committee’s activities and containing provisions on the scope of authority, competencies, composition, working procedures, as well as the rights and responsibilities of the Committee.

## **2. Purpose of the Committee**

- 2.1. The Committee is established by the Supervisory Board (hereinafter referred to as the “Board”) of the Bank in order to provide to the Board preliminary examinations and recommendations with respect to priority tasks of the human resources management and remuneration policies.
- 2.2. The Committee is accountable to the Supervisory Board and works within the powers conferred to it by the Supervisory Board.
- 2.3. The Committee shall report to the Supervisory Board of the Bank on a regular basis.
- 2.4. The Committee shall act under the powers granted thereto by the Supervisory Board and in accordance with the relevant internal regulations concerning the Committee.

## **3. Duties and Responsibilities of the Committee**

- 3.1. The following are key duties and responsibilities of the Committee:
  - 3.1.1. Review quarterly HR Reports of the Bank;

- 3.1.2. Review grading system, recruitment, retention and termination policies of the relevant of the Bank and submission for approval by the Board;
- 3.1.3. Review of the list of the external consultants related to HR Services of the Bank and submission for approval by the Board;
- 3.1.4. The Committee shall ensure the effective participation of the members of the Boards in implementation of the priority tasks of the Human Resources and policies of the Bank;
- 3.1.5. Review any proposals, with respect to any major improvements in the Human Resources policy of the Bank;
- 3.1.6. Review market analysis, compare the salary levels and employee incentives in the Bank and those in other similar companies;
- 3.1.7. Review both internal and external audit finding related to HR issues;
- 3.1.8. Review the Bank's draft internal documents that govern the Bank's Human Resources and provide recommendations;

#### **4. Rights of Committee**

The Committee is authorized to:

- 4.1.1. Carry out control over and audit the implementation of the resolutions and instructions of the Board that are within the purposes of the Committee;
- 4.1.2. Request documents, reports, explanations and other relevant information from the members of the Board of Directors, the head of the respective business function of the Bank;
- 4.1.3. Hear reports on the development of Human Resources policies;
- 4.1.4. Request information on the parameters/criteria for the key performance indicators and targets of the performance management system (hereinafter referred to as the PM system);
- 4.1.5. Submit proposals on changes in the internal rules and regulations of the Committee;
- 4.1.6. Exercise any other rights prescribed by the internal documents of the Bank and which are necessary for the performance by the Committee;

The members of the Committee shall:

- 4.2.1. Act in good faith and perform their duties prudently in the best interests of the Bank;

- 4.2.2. Be free to perform their duties as a member of the Committee effectively;
- 4.2.3. Inform the Chairman of the Committee of being a related party to any matter proposed for consideration by the Committee and refrain from voting on such matter;
- 4.2.4. Treat any information which becomes known or available as a result of working on the Committee as strictly confidential.

## **5. Membership, Composition and Term of Office**

- 5.1.1. The Committee shall be composed of at least 3 (three) members.
- 5.1.2. The Committee members (including the Chairman) shall be appointed by the Supervisory Board. All Committee members shall be non-executive directors of the Bank.
- 5.1.3. The Committee members shall be appointed for a period of up to three years, extendable by no more than two additional three-year periods.
- 5.1.4. Committee members are expected to have an appropriate level of knowledge and understanding of HR practice, as well as legal and regulatory requirements relating to HR.
- 5.1.5. When electing the Committee member, preference shall be given to those candidates who have a degree in law, economics and management, as well as previous experience in finance jobs and managerial positions. The Nomination and Remuneration committee shall include odd number of at least three members. At least 1/3 of the members shall have work experience on financial management, strategic planning and/or risk management.

The powers of all or some of the members of the Committee may be terminated in one of the following cases:

- 5.1.1. Resignation of Committee Member. A member of the Committee may resign by giving respective written notice twenty (20) working days prior to the date of resignation to the Chairmen of the Board and the Committee;
- 5.1.2. The expiration of a 3-year term or termination of the powers of the Committee member as a member of the Board;

- 5.1.3. Termination of powers of the Board Member. This automatically terminates powers of the Committee Member who is altogether the Supervisory Board Member;
- 5.1.4. Termination of the powers of the Committee member by resolution of the Supervisory Board.
- 5.1.5. The expiration of the term of Office;
- 5.1.6. In case where the powers of a member of the Committee are terminated pursuant to paragraph 5.1.1. thereof, the Supervisory Board shall elect a new member to the Committee at the nearest Supervisory Board meeting, but not later than twenty (20) working days from the date of receipt by the Chairman of the Supervisory Board of a written resignation statement. Until a new member is elected, the Committee member who has submitted a resignation statement shall continue to perform his or her duties in full.

## **6. Chairman of the Committee**

- 6.1. The Chairman of the Committee is elected by the Supervisory Board of the Bank from among the Supervisory Board members by a simple majority of votes.
- 6.2. The Chairman of the Committee:
  - 6.2.1. Calls and chairs the Committee Meetings;
  - 6.2.2. Approves the Committee Meeting Agenda;
  - 6.2.3. Organizes the Committee's discussion of matters and calls for opinions of the persons invited to attend the meetings, including, but not limited to, heads of the functions concerned;
  - 6.2.4. Keeps in touch with the governing bodies and the respective designated functions in order to obtain as full and accurate information as possible for proper decision-making process by the Committee and provides an effective collaboration with the governing bodies of the Bank;
  - 6.2.5. Works closely with the Committee Secretary on matters relating to the work of the Committee;
  - 6.2.6. Assigns responsibilities to the members of the Committee;
  - 6.2.7. Prepares a regular meeting plan for the current year based on the meeting plan of the Supervisory Board of the Bank;

- 6.2.8. At least quarterly (4 times) a year, and whenever requested by the Board, reports to the Board on the outcomes of the Committee;
- 6.2.9. Performs other functions as prescribed by applicable law and internal regulations of the Bank.

## **7. Secretary of the Committee**

- 7.1. The Secretary of the relevant Supervisory Board of the Bank shall perform the functions of the Committee Secretary.
- 7.2. The Secretary of the Committee:
  - 7.2.1. Is responsible for preparation and facilitation of the meetings of the Committee, collection and filing materials for the meetings, sending notices of the Committee meetings, meeting agendas and materials for the agenda items to the Committee members and the invited persons, preparation the minutes and draft resolutions of the Committee;
  - 7.2.2. Upon instruction of the Chairman of the Committee, prepares reports on the Committee's current activities and activities over the year;
  - 7.2.3. Ensures proper information flow between the governing bodies of the Bank and the Committee;
  - 7.2.4. Conduct follow ups and informs committee members on status of suggestions, opinions and interim resolutions issued by the committee;
  - 7.2.5. Keeps all latest materials reviewed by the Committee and subsequently transfers those materials to permanent storage, maintains a database on matters that are within the competence of the Committee;
  - 7.2.6. Provides information on the activities of the Committee when requested by the Bank's management;
  - 7.2.7. Follows the instructions of the Chairman of the Committee to arrange the Committee's activities and collaboration with the government bodies and other functions of the Bank.

## **8. Timing and Procedure for Convening Regular Meetings of the Committee**

- 8.1. The Committee's regular meetings shall be held according to the plan approved by the committee, but not less than once a year, as well as when requested by the Chairman of

- the committee or member of the Supervisory Board.
- 8.2. The Chairman of the Committee will decide on convening a regular meeting of the Committee, the date, time and place of such meeting, and the agenda for the meeting in accordance with the Committee's regular meeting plan.
  - 8.3. The Chairman of the Committee, based on proposals of the persons mentioned in paragraph 8.1 hereof, will decide on convening an extraordinary meeting of the Committee, the date, time and place of such meetings, the agenda for the meeting, and the list of persons to be invited to the meeting.
  - 8.4. Neither the CEO nor any other guest may attend Committee meetings during discussions regarding their own remuneration or regarding matters they have a personal interest in.
  - 8.5. The Secretary of the Committee prepares a notice of a Committee meeting and distributes it to all Board members, including those who are not members of the Committee, as well as to persons who will attend the meeting not later than five (5) working days before the date of such regular meeting.
  - 8.6. The Secretary of the Committee distributes the materials on agenda items to the members of the Committee by email not later than five (5) working days before the date of the meeting.
  - 8.7. The Secretary of the Committee prepares Committee meetings under the direction of the Chairman of the Committee.
  - 8.8. The meeting minutes are signed by the Chairman and the Corporate Secretary.

## **9. Extraordinary Meetings of the Committee**

- 9.1. An extraordinary meeting of the Committee may be held by decision of the Chairman of the Committee or on request of any member of the Board.
- 9.2. Any of the persons, who have the right to call for an extraordinary meeting of the Committee under paragraph 9.1. hereof, must submit a call for a meeting to the Secretary of the Committee not later than fifteen (15) working days before the proposed date of an extraordinary meeting. Such call must contain:
  - Name (full name) of the calling party;
  - The items proposed for consideration by the Committee and the reasons for the



- proposal;
- Supporting materials and/or documents for the agenda items;
- The proposed date of the Committee meeting;
- A draft resolution of the Committee for each agenda item, if the requested Committee meeting is to be conducted by way of postal ballot.

The Secretary of the Committee shall inform the Chairman of the Committee of such a call for a meeting not later than the next working day after receipt of the call.

- 9.3. Within five (5) working days from the date of the submission of a call for an extraordinary meeting, the Chairman of the Committee shall pass a resolution to conduct an extraordinary Committee meeting, set the date, time and place for the meeting, or the date of an email vote, or to refuse to convene an extraordinary meeting. A reasoned refusal to convene an extraordinary Committee meeting is to be returned to the person or the Bank's body requesting the meeting within two (2) working days from the date of the Chairman's resolution not to convene the meeting.
- 9.4. The Chairman of the Committee may refuse to convene an extraordinary Committee meeting in one of the following cases:
  - The proposed agenda item for the Committee meeting is not within the competence of the Committee under these Regulations;
  - The proposed agenda item for the Committee meeting has already been included in the agenda of the next regular meeting scheduled by the Chairman of the Committee before the receipt of said call for a meeting, provided that the forthcoming regular meeting will be held within twenty (20) working days from the date of the call for an extraordinary Committee meeting;
  - The procedure, described in these Regulations, for submitting a call for an extraordinary meeting has not been observed.

## **10. Procedure for Conducting Committee Meetings**

- 10.1. The Chairman of the Committee presides over the meetings the Committee. In the absence of the Chairman, the Committee members must choose an acting chair from among the present Committee members to preside over a committee meeting.
- 10.2. A meeting of the Committee will be competent to pass resolutions (will have a quorum) if

at least half of all members of the Committee are present. The presence of a quorum is determined by the Presiding Officer of the Committee when opening the meeting. A written opinion of an absent member of the Committee shall be included in the quorum. In the absence of a quorum for a meeting of the Committee, the Committee shall meet again with the same agenda within five (5) working days.

- 10.3. A written opinion submitted by a member of the Committee must unambiguously represent the position of the Committee member and must indicate a "yes" or "no" vote.
- 10.4. A written opinion containing amendments to and reservations on a proposed resolution shall not be considered in determining a quorum and voting results.
- 10.5. The latest when a written opinion of a member of the Committee can be received by the Secretary of the Committee is at the beginning of the Committee meeting which will be voting on the agenda with regard to which the written opinion is submitted.
- 10.6. A member of the Committee shall be deemed present at a meeting, if he or she participates at the meeting over the phone, through intercom or video conferencing or if he or she can express his or her opinion in the course of the meeting and vote on matters discussed at the meeting by any other means.

## **11. Procedure for Adoption of Resolutions by the Committee**

- 11.1. When passing resolutions, each member of the Committee shall have one vote.
- 11.2. The Committee members may not give their vote to any other persons, including to other members of the Committee.
- 11.3. The written opinions of the Committee members who are absent from a joint meeting shall be included when determining a quorum and voting results.
- 11.4. The Committee shall pass resolutions by a majority of votes of its members participating in the meeting.

## **12. Accountability of the Committee to the Board**

- 12.1. The Committee shall report to the Supervisory Board on how it has discharged its responsibilities on a quarterly basis.

- 12.2. The Committee's report shall contain information on the Committee's activities during the quarter, including but not limited to:
- information on the regular meetings and information on the extraordinary meetings held;
  - other material information as deemed necessary by the Chairman of the Committee.
- 12.3. The Supervisory Board may request the Committee to provide an opinion on certain matters, in which case, the Supervisory Board shall indicate a reasonable time frame for the Committee to process the request.
- 12.4. The Committee may submit its recommendations to the Supervisory Board, on any matter of its competence whenever it considers necessary to do so. In the cases prescribed herein, the Committee shall also prepare an opinion for the Supervisory Board.
- 12.5. The Supervisory Board may request the Committee to report on its current activities at any time during the year. The Supervisory Board also sets the time frame for the preparation and submission of the report.

### **13. Inside Information**

- 13.1. The members of the Committee and the employees of the Bank may only use any inside and confidential information or information that constitutes a commercial secret, all of which can have a material effect on the business of the Bank and value of its securities, in the best interest of the Bank and in accordance with the applicable laws, the Regulations regarding Inside Information and other internal documents of the Bank.
- 13.2. The Bank shall take the necessary measures to ensure that the appropriate agreements for the protection of confidential and inside information are signed with any third parties who participate in the meetings of the Committee.

### **14. Liability of the Committee Members**

- 14.1. The members of the Committee shall be held liable under the applicable law.

## **15. Expenses of the Committee**

- 15.1. All expenses associated with the preparation and conduct of the Committee meetings and the participation of the Committee members in the meetings are included in the overall cost plan of the Board, which is approved by Board in accordance with the Regulations of the Board.

## **16. Approval of and Amendments to the Statute**

- 16.1. These Regulations and all amendments and supplements hereto shall be approved by the Supervisory Board.
- 16.2. All matters that are not covered herein shall be governed by the Regulations regarding the Boards, other internal regulations of the Bank, and applicable laws.
- 16.3. Should changes in the Georgian laws or regulations cause conflicts with individual articles hereof, such articles will become void and the Committee members shall be governed by the provisions of the applicable Georgian law until these articles are amended appropriately.

## **17. Final Provisions**

- 17.1. The Committee is responsible to undertake continuously the duties defined herein.
- 17.2. The Committee members are personally responsible for keeping the information obtained while performance of the Committee duties defined herein as strictly confidential.
- 17.3. The Statute is effective upon its approval by the Supervisory Board.
- 17.4. The responsibility to review the document for updates is vested upon the Committee.
- 17.5. The Supervisory Board may amend this Statute, from time to time, upon recommendations from any member of the Supervisory Board, Board of Directors and/or members of the Committee.
- 17.6. If any clause in this Statute contradicts the legislation of Georgia, the corresponding clause is considered void.