

# **HR and Remuneration Committee Statute**

**JSC PASHA Bank Georgia**

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## **1. General Provisions**

- 1.1. The present Statute of HR and Remuneration 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 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.

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

- 3.1. The following are key duties and responsibilities of the Committee:
  - 3.1.1. Review principles and parameters of remuneration policy and incentive schemes for the Board of Directors and senior management of the Bank;
  - 3.1.2. Suggest target pool for the annual bonus of the Board of Directors and support staff;
  - 3.1.3. Review remuneration policy, grading system, recruitment, retention and termination policies;
  - 3.1.4. Review any proposals, with respect to any major improvements in the Human Resources Policy;
  - 3.1.5. Review the Bank’s draft internal documents that govern the Bank’s Human Resources Policy;

- 3.1.6. Review the list of the external consultants related to HR Services;
  - 3.1.7. Oversee the remuneration process and evaluate efficiency of the remuneration system together with the Risk Management Committee at least once a year;
  - 3.1.8. Review market analysis, compare the salary levels and employee incentives in the Bank and those in other similar companies;
  - 3.1.9. Review proposals to the Supervisory Board, with respect to approval of the candidates to the position of Members of the Board of Directors of the Bank;
  - 3.1.10. Review both internal and external audit finding related to HR issues;
  - 3.1.11. Review the list of employees participating in the Long Term Incentive Plan;
- 3.2. The Committee, upon specific instruction of the shareholder representative of the Bank, may assume following duties and responsibilities:
- 3.2.1. to help the Supervisory Board to develop procedure for the appointment, succession and setting principles and parameters of remuneration policy for the members of the Supervisory Board and the Supervisory Board committees;
  - 3.2.2. Identifying candidates for the membership of the Supervisory Board and the Supervisory Board committees;
  - 3.2.3. Prepare succession planning of the members of the Supervisory Board and the Supervisory Board committees;
  - 3.2.4. Prepare proposals on remuneration and incentive schemes for the members of the Supervisory Board and the Supervisory Board committees;

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

The Committee is authorized to:

- 4.1.1. Request documents, reports, explanations and other relevant information from the members of the Board of Directors, HR Manager and/or Committee Secretary of the Bank, including but not limited to reports on the development of HR policies, total annual amount of the incentive fund for the members of the Board of Directors, request information on the parameters/criteria for the key performance indicators and targets of the performance management system;

- 4.1.2. Invite the members of the Board of Directors and HR Manager of the Bank to its meetings so that letter provide explanations and clarifications on the agenda items if necessary;
- 4.1.3. Utilize the services of outside consultants, experts, and advisors, if necessary;
- 4.1.4. Perform any other duties as may be required by the Supervisory Board within the scope of authority of the Committee as set forth herein;
- 4.1.5. The Committee does not have a decision-making authority, it has a right to provide suggestions, recommendations, opinions to the Supervisory Board and issue interim resolutions, which require final authorization by the Supervisory Board in order to become effective;
- 4.1.6. The Committee may issue non-compulsory recommendations to the Board of Directors.

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. Inform the Supervisory Board of any change to their independent consultant status;
- 4.2.5. 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 shall be appointed by the Supervisory Board, out of which at least one member shall be member of 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. The Committee members shall have adequate qualification and necessary experience in matters within the committee's competence.
- 5.1.5. The Committee shall include at least one such member who is determined by the Supervisory Board to be a 'financial expert' and who has 'recent and relevant financial experience'.

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. Termination of powers of the Board Member. This automatically terminates powers of the Committee Member who is altogether the Supervisory Board Member;
- 5.1.3. Termination of the powers of the Committee member by resolution of the Supervisory Board.
- 5.1.4. The expiration of the term of Office;
- 4.1.1. In case where the powers of a member of the Committee are terminated pursuant to paragraph 5.2.1. 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 discussion of matters and calls for opinions of the persons invited to attend the Committee Meeting;

- 6.2.4. keeps in touch with the governing bodies and HR Manager of the Bank 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 Annual Committee Meeting Calendar;
- 6.2.8. 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. makes all the relevant preparations for the Committee Meeting;
  - 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;

## **8. Reports**

- 8.1. The Committee shall report to the Supervisory Board on how it has discharged its responsibilities on a quarterly basis.
- 8.2. The Committee's report shall contain information on the Committee's activities during the quarter, including but not limited to:
  - the implementation of the Long Term Incentive Plan;

- information on the regular meetings and information on the extraordinary meetings held;
  - other material information as deemed necessary by the Chairman of the Committee.
- 8.3. 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.
- 8.4. 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.
- 8.5. 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.

## **9. Committee Meetings and Decision-Making**

### **Frequency**

- 9.1. The Committee Meetings shall be convened on the dates specified in the Annual Committee Meeting Calendar and revised annually.
- 9.2. The Committee Meetings shall be held in such a frequency as it is necessary for relevant functioning of the Committee, but at least once in every quarter.

### **Calling meetings and notice**

- 9.3. The notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the Committee by the Committee Secretary at least five (5) working days before the date of the meeting. The notice to members shall include relevant and appropriate supporting papers for the agenda items to be discussed.
- 9.4. In case of indispensable necessity and due to the best interests of the Bank the extraordinary Committee Meetings may also be called. In this case, the notice shall be sent minimum 15 calendar days prior to the meeting.



- 9.5. Each member of the Committee, the Supervisory Board and the Board of Directors shall have a right to request holding of the extraordinary Committee Meeting and add items into the Committee Meeting agenda.
- 9.6. Upon 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 a postal vote, or refuse to convene an extraordinary meeting. A reasoned refusal to convene an extraordinary Committee meeting is to be returned to the body requesting the meeting within one (1) working day from the date of the Chairman's resolution not to convene the meeting.
- 9.7. The Chairman of the Committee may refuse to convene an extraordinary Committee meeting in one of the following cases:
  - 9.7.1. proposed agenda item for the Committee meeting is not within the competence of the Committee under this Statute;
  - 9.7.2. 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;
  - 9.7.3. procedure, described in this Statute for submitting a request for committee meeting has not been observed.
- 9.8. The Committee Meetings may be held at any place. Meetings may as well be held by means of a telephone conference, video-conference or other communication tools considering the fact that participants of the meeting will have a possibility to communicate with each other simultaneously.
- 9.9. The Committee Meetings shall be chaired by the Chairperson of the Committee or by one of the members elected by the majority of the members of the Committee in case of absence of the Chairperson.
- 9.10. If the member of the Committee often fails to attend Committee Meetings, the Chairperson shall raise an issue of his/her responsibility.
- 9.11. Neither the CEO nor any other invitee may attend Committee meetings during discussions regarding their own remuneration or regarding matters they have a personal interest in.

### **Quorum and voting**

- 9.12. The Committee shall be considered as convened and have an authority to issue interim resolutions, if the meeting is attended or represented by 51% of its members.

- 9.13. Interim resolutions of the Committee are made on the basis of a simple majority of the members taking part in the meeting. Each member of the Committee has the right for one vote.
- 9.14. In case the Committee member is unable to attend the Committee meeting physically, or attend either by means of video or telephone conference, the Committee Secretary shall propose him/her participation via e-mail communication, in which case a written opinion unambiguously representing the position of the Committee member shall be sent to the Committee Secretary. The absent member's vote shall be counted towards the quorum only if the latter submits a vote by indicating precisely whether he/she votes "for" or "against" approval of the agenda item.
- 9.15. The latest when a written opinion of a member of the Committee can be received by the Committee Secretary is prior or at the beginning of the Committee meeting.
- 9.16. In the absence of a quorum, the Committee shall meet again with the same agenda within five (5) working days.
- 9.17. The Committee Chairman's vote is decisive if the votes are divided equally.
- 9.18. The refusal to take part in the voting shall not be allowed.
- 9.19. If some members of the Committee are against of an interim resolution of majority members of the Committee, she/he shall provide members with clear explanation on why she/he opposes to the interim resolution and provided explanation shall be recorded in Committee Minutes.
- 9.20. The Committee members may not give their vote to any other persons, including to other members of the Committee.
- 9.21. The Committee Secretary shall ensure that the committee receives all necessary information in a timely manner.

## **Minutes**

- 9.22. Committee Secretary shall draft the Meeting Minutes. Minutes shall include information on place and time of meeting, whether meeting is held by means of communication, names of members present, absent and other invitees, the agenda, summary of discussions, results of voting including explanations of the candidates who is/are against the interim resolution and interim resolutions worded clearly and unambiguously.
- 9.23. Committee Secretary shall prepare Meeting Minutes within four working days after the meeting and send to all members of the Committee. The Minutes shall be considered as

approved if the members of the Committee do not submit their disagreement in relation to the content of the Minutes within three working days after its dissemination.

- 9.24. Minutes and supporting papers will be kept by the Committee Secretary. Minutes, agenda and supporting papers will be made available to any member of the Committee upon request to the Committee Secretary.
- 9.25. Committee Meeting Minutes shall be signed by the Chairperson and Committee Secretary.

## **10. Confidentiality**

- 10.1. All members of the Committee must preserve the secrecy of confidential information, they are required to keep confidential the information, data, reports and background information they come to know in the course of performance of their duties, and such information shall not be communicated to the third parties or be subject to disclosure. The confidentiality obligation survives departure from office.
- 10.2. 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.

## **11. Final Provisions**

- 11.1. The Statute is effective upon its approval by the Supervisory Board.
- 11.2. The responsibility to review the document for updates is vested upon the Committee.
- 11.3. 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.