

APPROVED  
by the Supervisory Board  
of CREDIT BANK OF MOSCOW  
(Minutes No.09 dated 18.05.2020)

## **REGULATION ON THE COMPENSATION, CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE OF THE SUPERVISORY BOARD OF CREDIT BANK OF MOSCOW**

### **1. GENERAL PROVISIONS**

1.1. This Regulation sets forth the status, formation and competence of, powers and responsibility of the members of, procedure for calling and holding meetings and recording recommendations of, the Compensation, Corporate Governance and Nominations Committee of the Supervisory Board of CREDIT BANK OF MOSCOW (the “Bank”).

1.2. This Regulation is made pursuant to the Bank’s Charter, Corporate Governance Code and Regulation on the Supervisory Board.

1.3. The Compensation, Corporate Governance and Nominations Committee of the Supervisory Board (the “Committee”) is formed to direct the HR policy for recruiting highly qualified specialists to the Supervisory Board, Management Board and for the office of the Chairman of the Management Board, to formulate remuneration and compensation principles and criteria for them, to develop a transparent motivation system for them, and to advise on creating and implementing effective corporate governance models and solutions.

1.4. The Committee shall act in the interests of the Bank’s shareholders, the Bank itself and its investors, and promote a good corporate governance system.

1.5. The Committee shall act within powers conferred to it hereunder by the Supervisory Board.

1.6. In its activities, the Committee shall be fully accountable to the Supervisory Board and shall be governed by Russian legislation, the Bank’s Charter, Regulation on, and resolutions of, the Supervisory Board, this Regulation and other bylaws of the Bank as approved by the General Shareholders’ Meeting and the Supervisory Board, resolutions of the Committee and the Corporate Governance Code recommended by the Bank of Russia’s letter No. 06-52/2463 dated 10.04.2014 “On Corporate Governance Code”.

### **2. FUNCTIONS AND DUTIES OF THE COMMITTEE**

2.1. For fair and independent information of Supervisory Board members, the Committee shall have the following functions in respect of *the Bank’s corporate governance* system:

2.1.1. Advising the Supervisory Board on approving or amending this Regulation.

2.1.2. Reviewing any proposals regarding development and improvement of the Bank’s bylaws concerning any matters within the Committee’s competence and requiring approval by the Supervisory Board.

2.1.3. Evaluating, promoting and improving corporate governance within the Bank, and developing and approving plans intended to improve the Bank’s corporate governance system;

2.1.4. Advising on building a good corporate governance system that is consistent with international standards, promotes efficient management and ensures protection of the shareholders’ rights and interests, enhancement of investment appeal of the Bank’s securities, upgrade of its ratings, reduction of its cost of funding and more efficient interaction between the Supervisory Board and the Bank’s management;

2.1.5. Monitoring the Bank’s compliance with applicable laws, its Charter and corporate governance bylaws, and researches in corporate governance, social responsibility and business

transparency in order to adjust the Bank's corporate governance system improvement plans accordingly.

2.1.6. Ensuring, and analysing the outcome of, corporate governance rating assignment to the Bank.

2.1.7. Preventing and resolving any corporate or ethical conflicts or conflicts of interest, and evaluating, and approving action plans to mitigate, any risks of corporate conflicts.

2.1.8. Reviewing any proposals of the Chairman of the Management Board or Management Board members related to promotion of corporate culture.

2.1.9. Directing the Bank's information policy regarding the forms, ways and scope of voluntary disclosure of its activities.

2.1.10. Reviewing any communications or notices from the Bank's employees, shareholders or other stakeholders concerning any identified or alleged violations by its officers of statutory requirements, its bylaws or accepted ethical standards.

2.1.11. Appraising efficiency of the Bank's procedures put in place to identify affiliates and transactions qualifying as major or interested party transactions.

2.1.12. Reviewing any dealings in the Bank's securities by Supervisory Board or Management Board members or other employees possessing insider information.

2.1.13. Controlling implementation of any corporate governance resolutions taken by the Supervisory Board.

2.1.14. Approving sustainability reports.

2.2. For fair and independent information of Supervisory Board members, the Committee shall have the following functions in respect of *the HR management strategy, motivation, nominations and remunerations*:

2.2.1. Formulating and revising from time to time the Bank's remuneration policy, principles and criteria for Supervisory Board members, Management Board members, the Chairman of the Management Board (Management Board members and the Chairman of the Management Board, collectively, "executive body members") and selected senior executives (other key managers) (the "remuneration policy"), in particular configuring short-term and long-term incentive programmes for executive body members and selected senior executives (other key managers).

2.2.2. Overseeing implementation and fulfilment of the remuneration policy and incentive programmes.

2.2.3. Pre-assessing annual performance of the executive body members and selected senior executives (other key managers) in accordance with the remuneration policy and achievement of their targets under the long-term incentive programme.

2.2.4. Preparing proposals to the Supervisory Board as to the essential terms of contracts with executive body members, including early termination provisions and all financial obligations of the Bank with their conditions;

2.2.5. Selecting an independent consultant to advise on remuneration to executive body members and selected senior executives (other key managers) and, if the Bank's bylaws require it to hold tender procedures for selecting such consultant, setting the terms and conditions of the tender and acting as the tender board.

2.2.6. Advising the Supervisory Board on setting the remuneration and the bonus payment principles for the Corporate Secretary, pre-assessing his/her annual performance and proposing any bonuses to be paid to him/her.

2.2.7. Advising the Supervisory Board on approving essential terms of the contracts (supplementary agreements) with Supervisory Board members (if made by the Bank).

2.2.8. Evaluating the Supervisory Board's composition in terms of professional expertise, experience, independence, and involvement of its members in its work, and determining priority areas for improving its composition;

2.2.9. Developing methodology for performance appraisal of the Supervisory Board, its committees and members, propose independent consultants to be chosen by it;

2.2.10. Defining eligibility criteria for, and pre-reviewing, nominees to the Supervisory Board and for the offices of executive body members.

2.2.11. Liaising with shareholders, including minority shareholders, in order to give them recommendations on electing Supervisory Board members. In doing so, the aim should be to man the Supervisory Board in such a way that it would be most suitable for the Bank's goals and objectives;

2.2.12. Planning appointments, with due regard to succession planning, of executive body members, and giving recommendations to the Supervisory Board as to candidates to the office of the

Corporate Secretary, executive body members and selected senior executives (other key managers);

2.2.13. Analysing professional qualifications and independence of all candidates nominated to the Supervisory Board, based on all information available to the Committee; preparing and communicating recommendations to shareholders as to voting in Supervisory Board elections;

2.2.14. Describing individual duties of members and the Chairman of the Supervisory Board, including time to be committed both at and between meetings, in the course of scheduled and unscheduled work. Such descriptions (to be prepared separately for Supervisory Board members and its Chairman) must be approved by the Supervisory Board and given to each new Supervisory Board member and its chairman for perusal after their election;

2.2.15. Making a detailed formalised annual self-appraisal or external performance appraisal of the Supervisory Board, its members and committees, advising the Supervisory Board on improving its and its committees' procedures, in particular defining priorities in enhancing its composition and preparing a self-appraisal or external performance appraisal report to be included in the Bank's annual report;

2.2.16. Preparing, and overseeing practical execution of, an induction programme for newly elected Supervisory Board members designed to brief them on the Bank's key assets, strategy, business practices, organisational structure, and key managers, as well as proceedings of the Supervisory Board;

2.2.17. Preparing, and overseeing practical execution of, an educational and training programme for Supervisory Board members tailored to their individual needs;

2.2.18. Analysing the Bank's current and expected needs in terms of professional qualifications of its executive body members and selected senior executives (other key managers) with a view to ensure its competitiveness and development, as well as carrying out succession planning for them;

2.2.19. Giving recommendations to the Supervisory Board as to candidates to the office of the Corporate Secretary;

2.2.20. Giving recommendations to the Supervisory Board as to candidates to the offices of executive body members and selected senior executives (other key managers);

2.2.21. Reviewing any parallel executive engagements of executive body members at any other entities.

2.2.22. Advising the Supervisory Board on removal of executive body members before term.

2.2.23. Preparing reports on practical implementation of the remuneration policy and committee performance reports to be included in the Bank's annual reports and other documents.

2.2.24. Planning the Supervisory Board's succession on a periodic basis, but at least once a year when reviewing the issue of its re-manning.

2.3. For preparation of Supervisory Board decisions related to the *organisation, monitoring and control of the payroll system, and to appraisal of its consistency with the Bank's strategy, the nature and scale of its operations, its performance, and the level and mix of risks taken by it*, the Committee shall pre-review, prepare and give recommendations and opinions to the Supervisory Board on the following issues:

2.3.1. Approving documents setting out rules for determining salaries and non-performance-linked compensations, incentives and allowances for executive body members, and rules for determining the amount, form and accrual of performance-related compensations and bonuses for executive body members and other managers (employees) approving the Bank's operations and other transactions which may affect its compliance with mandatory ratios or result in other situations jeopardising its depositors' and creditors' interests, including triggers for subjecting it to insolvency (bankruptcy) prevention measures ("other risk takers"), and for employees of subdivisions responsible for internal control and those responsible, at the level of individual portfolios, business areas and the entire Bank, for identifying and assessing risks, setting risk limits, assessing related capital requirements and controlling compliance with the above limits ("risk management subdivisions"), including the Bank's Remuneration Policy for Members of the Management Board and Selected Senior Executives and Staff Remuneration Policy; and considering whether to keep or revise the documents listed above (at least once every calendar year).

2.3.2. Approving the Bank's payroll budget (at least once every calendar year).

2.3.3. Reviewing proposals (if any) of the Internal Audit Department, Internal Control Section and risk management subdivisions as to improvement of the payroll system and reports of the subdivision(s) responsible for monitoring of that system (at least once every calendar year).

2.3.4. Reviewing independent appraisals of the payroll system (including that in the external auditor's annual report) and information (reports) of the Supervisory Board's Audit and Risk

Committee.

2.3.5. Reviewing large remuneration payments (as defined in the Bank's bylaws).

2.3.6. The Supervisory Board may resolve to request the Committee to perform any other tasks within its competence.

2.3.7. The Committee shall co-operate with any other Supervisory Board committees and other management and control bodies of the Bank.

2.4. To enable the Committee to fulfil its responsibilities, the Supervisory Board authorises its members to:

2.4.1. Oversee the disclosure of the remuneration policy and practices, and any shares held in the Bank by Supervisory Board members, executive body members and other key managers, in the Bank's annual report and on its website.

2.4.2. Engage in control over, and checks of, implementation of resolutions and requests of the Supervisory Board related to the Committee's competence.

2.4.3. Request and obtain, in the manner established in the Bank, any information necessary for its proceedings from executive body members, the Supervisory Board, the Audit Panel and the auditor, heads of subdivisions and other units and employees of the Bank.

2.4.4. Propose to the Supervisory Board any amendments hereto.

2.4.5. If necessary, draft its other bylaws for approval by the Supervisory Board.

2.4.6. Exercise any other rights as necessary to fulfil its functions.

2.5. Committee members must:

2.5.1. Contribute to preparation and discussion of issues taken to Committee meetings.

2.5.2. Participate in the Committee's decision-making by voting on items of agenda of its meetings.

2.5.3. Make reasonable decisions, study all necessary information (materials) to this end and make all Committee members aware of information relevant to decisions being made.

2.5.4. Notify the Committee chairman and/or the Corporate Secretary of their inability to attend the next Committee meeting (absentee voting) specifying the reasons.

2.5.5. Make decisions on items of the Committee's agenda acting in good faith and reasonably in the interests of the Bank's shareholders and all stakeholders.

2.5.6. Fulfil requests of the Committee Chairman.

### **3. MEMBERSHIP AND ELECTION OF COMMITTEE MEMBERS**

3.1. The Committee shall be formed of at least 3 (Three) members elected out of the Supervisory Board members who are not members of the Bank's executive bodies. The Committee must be composed exclusively of independent directors or, if it is impossible for objective reasons, the majority of its members must be independent, and the others must be those Supervisory Board members who are not the sole executive body and/or Management Board members.

The term "independent director", for the purposes hereof, shall have the meaning given to it in the Bank's Charter, Corporate Governance Code and Moscow Exchange's Listing Rules.

3.2. A majority of Committee members must have a degree in law or economics and/or experience in managing banking risks and organising payroll systems.

3.3. The Committee shall be chaired by an independent director.

3.4. The Committee Chairman must, within 5 (Five) business days of occurrence of any event disqualifying him as independent director under the Charter, give notice thereof to the Supervisory Board.

3.5. Committee members shall be elected at a meeting of, and out of the members of, the Supervisory Board. Resolution electing Committee members shall be passed by a simple majority of votes of all Supervisory Board members.

3.6. Committee members may be re-elected an unlimited number of times.

3.7. The Supervisory Board may remove all Committee members before term by electing the Committee anew.

3.8. Any Committee member shall be discharged before term in the following cases:

3.8.1. Upon resignation of such member from the Committee. Any Committee member may resign from the Committee by giving 1 (One) month written notice thereof to the Chairman of the Supervisory Board and Committee Chairman. In this case the Supervisory Board shall, at its next meeting but no later than 1 (One) month of receipt by it of the written resignation notice, elect the

Committee anew.

3.8.2. Upon removal of such member by the Supervisory Board by electing the Committee anew.

#### **4. ELECTION AND FUNCTIONS OF THE COMMITTEE CHAIRMAN**

4.1. The Committee Chairman shall be elected out of the Committee members at a meeting of the Supervisory Board. Resolution electing the Committee Chairman shall be passed by a simple majority of votes of all Supervisory Board members. The Supervisory Board may at any time elect a new Committee Chairman by a simple majority of votes of all Supervisory Board members.

4.2. The Committee Chairman shall be elected out of the independent directors on the Supervisory Board elected to the Committee.

4.3. The Committee Chairman shall steer the Committee, which includes:

- calling and chairing Committee meetings whenever necessary to review important scheduled and current issues within the Committee's competence;
- approving agenda of Committee meetings upon consultation with Committee members;
- defining the list of invitees to Committee meetings;
- ensuring the Committee meets in a constructive atmosphere, discusses freely the items of its agenda, and hears the invitees;
- ensuring Committee meetings are minuted, providing to the Supervisory Board a summary of issues reviewed, discussions held, recommendations put forward and resolutions approved;
- reporting regularly to the Supervisory Board and its Chairman on the Committee's proceedings;
- staying in contact at all times with the Bank's executive bodies, Supervisory Board, auditors, Audit Panel, subdivisions and employees to obtain maximally complete and true information necessary for the Committee's decision-making and to ensure efficient coordination with the Supervisory Board;
- assigning duties to Committee members and giving them requests related to in-depth study of issues, and to preparation of materials, to be considered at Committee meetings;
- on a regular basis, but at least once a year submitting a report on his work to the Supervisory Board;
- appraising the Committee's performance on an annual basis;
- performing other functions envisaged by the effective legislation, the Bank's Charter, this Regulation and other bylaws of the Bank within the Committee's competence.

#### **5. FUNCTIONS OF THE COMMITTEE'S SECRETARY**

5.1. The Corporate Secretary of the Bank shall act as the Committee's secretary.

5.2. The Committee's secretary shall ensure:

- arrangement of Committee meetings;
- collection and classification of materials for the meetings;
- timely distribution of the Committee meeting notifications, agendas of the meetings and related materials to Committee members and invitees;
- minuting of Committee meetings;
- drafting of the Committee's resolutions;
- retention of Committee meetings' materials;
- delivery of any appropriate information to Committee members.

#### **6. PROCEEDINGS OF THE COMMITTEE**

6.1. Any matters shall be discussed and decisions taken at the Committee meetings. Any decisions of the Committee shall be recommendatory.

6.2. The Committee meetings shall be called when necessary.

6.3. Committee meetings shall be held in person (by way of co-presence of Committee members at a meeting, in particular by means of a conference call or video conference call) or by absentee voting (by balloting Committee members on agenda).

6.4. Committee meetings may be called by the Committee chairman at his discretion, upon

request of any Committee member, or any body or person entitled to request a Supervisory Board meeting to be called, or upon request of the Supervisory Board.

The agenda of meetings shall be set out by the Committee Chairman based on the Supervisory Board's work plan, its requests or any other requests referred to above in this clause.

6.5. Notice of any upcoming Committee meeting shall be given by the Committee Secretary to each Committee member together with necessary materials at least 7 (Seven) calendar days before it is to be held (or, if to be held by way of absentee voting, before the last day for voting). This period may be shortened where any issues require urgent decisions, provided that none of the Committee members objects. To so object, a Committee member must notify the Committee chairman and/or Secretary in writing by mail, phone, email or otherwise.

6.6. Where the Committee is to make any decisions at an in-person meeting, the Committee members present thereat must express their opinion on the items of its agenda by voting. Any Committee members who cannot attend an in-person meeting or who participate in a meeting held by absentee voting may express their opinion on the items of its agenda in writing.

6.7. If any meeting of the Committee is held by absentee voting, the Committee members shall be provided with its agenda, appropriate materials and the draft resolution specifying the response deadline and a voting ballot.

6.8. Where a Committee meeting is held by absentee voting, voting ballots may be provided by the Committee Secretary one calendar day before the voting date with Committee members' written opinions on the items of its agenda.

6.9. The quorum for taking any actions by the Committee shall be constituted by at least a half of the Committee members.

The quorum of any in-person meeting shall be determined by count of the Committee members present thereat. The quorum of any meeting held by absentee voting shall be determined by count of ballots received from the Committee members by the date specified in the notice of meeting.

6.10. Any decisions shall be taken by a simple majority of Committee members' votes. Any Committee member who voted against any decision taken may have his written dissent entered in the minutes of the meeting.

6.11. The Committee may form working and/or expert groups to deal with any ongoing tasks or particularly complicated matters.

## **7. ACCOUNTABILITY OF THE COMMITTEE TO THE SUPERVISORY BOARD**

7.1. The Supervisory Board may at any time during a year require the Committee to report on the Committee's current activities. The deadlines for any such reporting shall be set by resolution of the Supervisory Board.

7.2. The Supervisory Board may instruct the Committee to opine on any particular matters, any such instruction to specify a reasonable deadline therefor.

7.3. The Committee may at its discretion submit its recommendations on any matter within its competence to, and, where required hereby, shall opine to, the Supervisory Board.

## **8. COOPERATION OF THE COMMITTEE WITH THE BANK'S MANAGEMENT BODIES AND OTHER PERSONS**

Whereas the Committee members need access to appropriate information to work effectively, members of the executive bodies, the Supervisory Board, members of the Audit Panel, the auditor, heads of subdivisions and employees of the Bank shall, if so requested by, and within the deadlines reasonably set by, the Committee, provide complete and true information and documents relevant to the Committee's activities in a proper manner.

## **9. INSIDER INFORMATION**

9.1. Insider information is any substantial information on the Bank's business, shares, other securities and dealings therein which is not public and, if disclosed, may materially affect the market value of the Bank's shares or other securities.

9.2. Committee members and secretary may not make private use of, or disclose, insider or any other confidential information.

9.3. Any third parties to be engaged in Committee meetings shall sign an agreement on non-disclosure of insider and other confidential information.

## **10. THE COMMITTEE MEMBERS' LIABILITY**

Committee members shall be liable under the terms of the Federal Law "On Joint-Stock Companies" applicable to Supervisory Board members.

## **11. APPROVAL OF AND AMENDMENTS TO THIS REGULATION**

11.1. This Regulation and any amendments hereto shall be approved by the Supervisory Board by a majority of votes of all Supervisory Board members.

11.2. Any matters related to the Committee's proceedings, unless covered by this Regulation, shall be governed by the Bank's Charter, Regulation on the Supervisory Board, other bylaws of the Bank and effective legislation of the Russian Federation.

11.3. If any change in laws and regulations of the Russian Federation renders any provisions hereof in conflict therewith, such provisions shall become void and Committee members shall refer to such laws and regulations until amending this Regulation.

Chairman of the Supervisory Board  
of CREDIT BANK OF MOSCOW

William Forrester Owens