

TBC Bank Group PLC

(the “Company”)

Human Resources and Remuneration Committee (“Committee”)

Terms of Reference

These Terms of Reference define the Committee's role and responsibilities, the authority delegated to the Committee by the Board, as well as its structure, membership and procedural matters related to the Committee's activities.

1. Role of the Committee

1.1. The role of the Committee is to support the Board of Directors (the “**Board**”) to fulfil its responsibility to ensure that:

- a) The strategies, policies and practices of the Company and its subsidiaries (the “**Group**”) regarding human resources (“**HR**”) support the Group's strategic objectives;
- b) The remuneration policy and practices of the Group are, in accordance with statutory and regulatory requirements, designed to support and promote the long-term success of the Group and to reward colleagues fairly and responsibly with a clear link to corporate and individual performance;
- c) Executive remuneration is linked to the Group's values, execution of its long-term strategy and aligned to the wider Group stakeholders' expectations; and
- d) The remuneration policy and practices are fairly and consistently applied across the Group.
- e) its collective vision of values, conduct and culture is promoted, and the Board oversees management's efforts (i) to foster a culture of ethics and (ii) appropriate conduct.

1.2. The Committee shall consider:

- a) all policies related to performance management, recruitment and people management as well as the workforce's alignment to the Group's culture and values;
- b) efficiency of the policies covered by the Committee;
- c) all policies related to the remuneration of the Group's workforce, including fixed and variable compensation, pensions, other benefits, and severance payments.

2. Remuneration Principles

2.1. When determining the remuneration policy, the Committee shall take into account the following principles:

- (i) clarity;
- (ii) simplicity;
- (iii) risk;
- (iv) predictability;
- (v) proportionality; and
- (vi) alignment with the Group's culture.

2.2. When determining and applying the remuneration policy, the Committee will, among others:

- (i) Consider the need to promote the long-term sustainable success of the Group and the alignment to the Group's purpose and values linked to the successful delivery of the Group's long-term strategy, having regard to the views of shareholders and other

- stakeholders, and ensuring that rewards are fair, and incentives are drawn to encourage enhanced performance while reflecting individual contributions;
- (ii) Consider the Group's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the Group's risk policies and systems and long-term sustainable goals;
 - (iii) Assess the need to retain talent over the long-term and motivate the workforce across the Group in different geographical areas and business lines while facilitating employee mobility within the Group; and
 - (iv) Exercise discretion in relation to the application of the remuneration policy, as permitted by such policy.
- 2.3. No executive director of JSC TBC Bank (the "**Bank**") shall be involved in any decisions about their own remuneration.

3. Detailed Responsibilities

In carrying out its role, the Committee shall:

3.1. *Human resources and related policies*

- a) Review regularly, monitor and recommend for approval to the Board of Directors the Group's Human Resources Strategy that pertains to staffing, compensation, benefits, and related issues of strategic importance that directly affect the Group's ability to recruit, develop and retain the highly qualified staff necessary for meeting the Group's strategic priorities. When deemed appropriate, the Committee shall receive assistance from the ESG Committee on social aspects of ESG.
- b) Formulate, monitor and annually review the implementation of Group HR related policies and practices. Policies related to the performance management of, and succession planning of, senior management¹ is the responsibility of the Corporate Governance and Nomination Committee;
- c) Review HR reports prepared by management covering the effectiveness of HR systems, latest HR metrics, trends and report to the Board; and
- d) Support the Staff Ambassador in reviewing the impact of recommendations included in the Staff Ambassador's Annual Report to the Board.

3.2. *Ethics and Conduct*

- a) Oversee management's efforts to foster a culture of ethics;
- b) Periodically review and recommend for approval to the Board the Group's Code of Ethics and the Group's Code of Conduct;
- c) Assess the Group's ethics-related policies and their compliance with the ethics-related standards, including fair treatment of customers;
- d) Review information and statistics on all ethics-related topics within the Group.

3.3. *Remuneration Policy, and Policy Administration and Remuneration of Senior Management*

- a) Review remuneration policies and practices across the Group and their effectiveness to support the implementation of the Group strategy. In relation to performance-based incentive plans, a range of financial and non-financial strategic key performance indicators (KPIs) should be

¹ As per UK CG Code, Provision 17, the definition of 'senior management' for this purpose should be the executive committee and the first layer of management below board level, including the company secretary.

- applied to ensure that measures are aligned with the Group strategy to deliver value over the long-term;
- b) Propose to the Board for approval by the shareholders, the policy for the remuneration and benefits of the chief executive officer of the Company (the “**CEO**”) as well as the remuneration policy for non-executive members of the Board (the “**Directors’ Remuneration Policy**”);
 - c) Propose to the Board for approval, the policy for the remuneration and benefits of the executive management board members of JSC TBC Bank (the “**Bank**”);
 - d) Propose to the Board for approval, the remuneration package and elements of the individual remuneration for the CEO and Deputy CEO’s including (to the extent applicable):
 - (i) base salary;
 - (ii) variable remuneration including but not limited to share-based incentive remuneration schemes;
 - (iii) any pension arrangements; and
 - (iv) other benefits in cash or in kind;
 - e) Propose to the Board for approval, the remuneration structure and reward levels for those employees of the Group whose compensation exceeds a level determined by the Committee, from time to time;
 - f) Propose to the Board for approval, the remuneration structure and level for the compensation of the Company Secretary;
 - g) Determine expense reimbursement policy for non-executive Board members;
 - h) Exercise discretion in the applications of the policy on individual remuneration outcomes, taking into account the performance of the Group and the individual in question.
 - i) Regularly review the ongoing appropriateness and relevance of the remuneration policy and consult with shareholders, as appropriate, on the policy or any other aspects of remuneration and receive regular feedback;
 - j) Keep abreast of external remuneration trends and market conditions;
 - k) Annually:
 - (i) consider the appropriate peer group to benchmark remuneration levels for non-executive directors, the CEO and executive management board members of the Bank;
 - (ii) receive assurances that the remuneration policy is effectively implemented receiving inputs from relevant control functions;
 - l) At least every three years submit the Directors’ Remuneration Policy for approval by the shareholders (with any changes in the intervening years subject to shareholder approval at a general meeting).
 - m) Respond to any significant shareholder votes against a remuneration resolution.

3.4. **Share based remuneration and bonus arrangements**

In applying the remuneration policy related to share-based remuneration the Committee shall:

- a) Decide whether the CEO, any other executive director of the Company or executive management board members of the Bank are eligible for awards under the Group’s share incentive plan and that the awards are in line with the risk appetite framework of the Bank and the Group as applicable and any other relevant parameters set by the Board from time to time;
- b) Propose to the Board a total bonus pool in coordination with the Risk Committee and the Audit Committee, if so, required by the Board;

- c) Propose to the Board for approval, appropriate KPIs for the CEO and other management board members of the bank and the Group under the short-term and the long-term incentive plans following the approval of the annual strategy and budget. When deemed appropriate, the Committee shall receive assistance from the ESG Committee to align executive performance metrics with the Group's ESG objectives;
- d) Assess the achievement by the CEO and other members of the management board against the objectives and KPIs agreed for awards under the short-term and long-term incentive plans;
- e) Propose to the Board the level of annual bonus and annual grant under the long-term incentive plan;
- f) Annually, before vesting of any share award, receive malus test results and decide on vesting of the awards in accordance with the Deferred Share Plan, and other policies and internal procedures;
- g) Annually consider any claw-back clauses to be applied to vested awards during the relevant applicable period in accordance with the Deferred Share Plan, and other policies and internal procedures;
- h) Review and set the post-employment shareholding requirements;
- i) Annually receive confirmation from the Bank's Head of Compliance about minimum shareholding requirements fulfilment in line with the policy; and
- j) Annually review the employee share trust's performed operations.

3.5. ***Wider Workforce remuneration and related policies***

- a) Review workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- b) Receive information about any major changes in remuneration and employee benefits structures throughout the Group which diverge from the Group remuneration policy principles; and
- c) Receive regular input from the designated non-executive director responsible for workforce engagement regarding the feedback received from the workforce on the alignment of incentives and rewards with the Group's strategy and culture.

4. Committee Membership and Composition, Members' Rights and Obligations

- 4.1. The Committee shall comprise a minimum of three members, including the Committee Chair, all of whom shall be independent non-executive directors, as determined by the Board. The Chairman of the Board can be a member of the Committee, if he/she was independent on appointment;
- 4.2. One of the independent non-executive directors shall be appointed by the Board as the Chair of the Committee (the "**Committee Chair**"). Before appointment as Committee Chair, the appointee should have served on a remuneration committee for at least 12 months. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting;
- 4.3. Committee members should have the appropriate balance of skills, experience and independence to enable them to discharge their respective duties and responsibilities effectively;
- 4.4. Committee members are appointed for a term of one year, subject to annual re-election at the Annual General Meeting of the Company;
- 4.5. Committee members shall have the following rights:

- a) to request documents, reports, explanations and other relevant information from the officers, executives and employees of the Group;
- b) to invite the Group's officers, executives and employees to its meetings as observers to question them, and seek explanations and clarifications;
- c) to utilise the services of outside consultants, experts and advisors;
- d) to perform any other duties as may be required by the Board within the scope of authority of the Committee as set forth herein;
- e) to contribute written suggestions and propositions in order to improve Committee activities;
- f) to place matters on the agenda of the Committee meeting and to vote on any matters on the agenda, and to demand inclusion in the Committee meeting minutes of his or her individual opinion;
- g) to contribute recommendations on the improvement of relevant policies within the Committee's scope, for the consideration of the Board;
- h) on giving reasonable notice, to resign from the Committee;
- i) Where there is disagreement between the Committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the Committee shall have the right to report the issue to the shareholders as part of the report on its activities in the Company's annual report; and
- j) to have sufficient resources in order to carry out the Committee's duties including access to the Company Secretary's professional advice.

4.6. Committee members shall have the following obligations:

- a) act in accordance with these Terms of Reference, the Articles of Association of the Company, the UK Corporate Governance Code together with any relevant guidance, the requirements of the UK Financial Conduct Authority's Listing Rules, Disclosure Guidance and Transparency Rules and any other applicable rules and regulations, as appropriate;
- b) to participate in the activities and work of the Committee, and attend all meetings;
- c) to treat as confidential all information that becomes known to him/her in the course of performing his/her duties;
- d) to inform the Board of any changes in his/her independence or any conflicting interest regarding decisions to be made by the Committee;
- e) to adhere to all applicable laws and regulations and these Terms of Reference whilst carrying out his or her activities;
- f) to act in the best interests of the Company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:
 - (i) the likely consequences of any decision in the long term;
 - (ii) the interests of the Company's employees;
 - (iii) the need to foster the Company's business relationships with suppliers, customers and others;
 - (iv) the impact of the Company's operations on the community and the environment;
 - (v) the desirability of the Company maintaining a reputation for high standards of business conduct; and
 - (vi) the need to act fairly as between members of the Company.

5. Committee Meetings

- 5.1. **Notice of the Meetings** - Meetings of the Committee shall be called by the Company Secretary at the request of the Committee Chair or any of its members at any time, to consider any matters falling within the competence of the Committee. In special circumstances, the Committee meetings can be called by the Company Secretary at the request of the CEO or Chairman of the Board if they consider it necessary. Unless the Committee otherwise agrees, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be provided to each member of the Committee and any other person required to attend, no later than five calendar days before the date of the meeting or in case of matters of urgency – no later than 24 hours before the date of the meeting.
- 5.2. **Meetings** - Committee shall meet as often as it deems necessary and at least four times a year. All Committee members are expected to attend the meetings, in person or via telephone or video conference. The Committee meeting agenda will be prepared and provided in advance of the meeting to the members, along with appropriate materials. Outside of the formal meetings, the Committee Chair will maintain a dialogue with key individuals involved in the Group's governance, including the Board Chairman and the CEO.
- 5.3. **Attendees** – only the members of the Committee have the right to attend Committee meetings. Other persons may be invited by the Committee Chair to attend the meeting, if and when appropriate. The Company Secretary shall attend all Committee meetings.
- 5.4. **Quorum** – the quorum for the Committee meeting shall be two.
- 5.5. **Voting** - each Committee member shall have one vote which may be cast on matters considered at the meeting, where:
 - a) votes can only be cast by members attending a Committee meeting;
 - b) if a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting; and
 - c) except where he or she has a personal interest, the Committee Chair shall have a casting vote.
- 5.6. **Secretary** – the Company Secretary shall act as the secretary of the Committee. The Committee is supported by the Company Secretary on all matters, including assisting the Committee Chair in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support. The Company Secretary ensures that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 5.7. **Professional Advice** – the Committee and the Committee Chair shall have access to the advice and services of the Company's Legal Counsel and the external (local and/or international) legal counsel on regulatory and legal matters.
- 5.8. **Minutes** – the Company Secretary (or their delegate) shall minute the proceedings and the decisions of all meetings of the Committee, including recording the names of those absent and in attendance. The Company Secretary (or their delegate) shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Company Secretary (or their delegate) shall prepare and circulate the draft minutes of the Committee meetings promptly to all members and other attendees of the relevant meeting. Minutes of any meeting shall be announced as final, once approved by the Committee and signed by the Chair.

Unlimited access to all the minutes of the Committee meetings must be granted to all Board members at any time. The Company Secretary is the key responsible person to provide such access. A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be noted at the next meeting of the Committee.

6. Committee Professional Development, Self-Assessment, Reporting and Disclosure

- 6.1. The Committee will undertake appropriate and timely professional development, including an induction programme for new members and on an ongoing basis for all members. The professional development shall include, but not be limited to, an understanding of the principles of and developments in governance-related matters.
- 6.2. The Committee shall, with the support of the Company Secretary, conduct an annual self-assessment (including the evaluation of the Committee's compliance with the Terms of Reference) and report any conclusions and recommendations to the Board not later than in the two-month period from the end of the relevant year.
- 6.3. The Committee shall annually review these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 6.4. The Committee Chair shall report to the Board on its proceedings at the following Board meeting on all matters within its duties and responsibilities. The Committee Chair shall inform the Chairman of the Board as soon as possible on matters that the Committee has deemed as urgent.
- 6.5. The Committee can make recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.6. The Committee shall annually produce a report on its activities, which shall be presented to the Board and be published in the Company's annual report. The Committee Report shall comply with all applicable UK regulatory requirements and where relevant, with the requirements of the National Bank of Georgia.
- 6.7. Committee information, including the Terms of Reference, membership of the Committee and the description of the Committee's duties and activities during the year, shall be disclosed on the Company's website.

7. Other Matters

- 7.1. **Amendments** – these Terms of Reference may be amended by the Board at its sole discretion without prior notification.
- 7.2. **Inconsistency with UK Law** – where these Terms of Reference are inconsistent with UK law or other applicable UK regulations, the latter shall prevail.