

APPENDIX 5

The **duties and responsibilities of the Remuneration Committee** are summarised as follows:

Remuneration Policy

- i. The Board of Directors is responsible for adopting and reviewing periodically the Bank's Remuneration Policy and overseeing its implementation. Therefore, the Committee provides its support and advice to the Non-Executive Members of the Board of Directors, on the design of the Bank's Remuneration Policy according to the relevant legislative and regulatory provisions, taking into account that such Remuneration Policy is gender neutral and supports the equal treatment of staff of different genders, while at the same time promoting the inclusion and respecting diversity in general. The Committee should ensure that during the design of the Bank's Remuneration Policy:
 - Conflicts of interest with regard to the Policy and the remuneration rendered, were identified, managed and that no material conflicts of interest arise for staff, including for staff in control functions.
 - All competent Divisions and Committees (e.g. ExCo, Control Functions, Human Resources, Legal, MIS and Planning etc.) participated in the preparation, implementation and oversight of the Bank's Remuneration Policy.
 - The Human Resources Division participates in and informs on the drawing up and the evaluation of the Remuneration Policy, including the remuneration structure, the aspect of gender neutrality, remuneration e.t.c, ensuring that the Policy is aligned with the Bank's risk profile.
 - The Risk Management Sector assists with and informs on the definition of suitable risk-adjusted performance measures.
 - The Compliance Division analyses how the Remuneration Policy affects the Bank's compliance with legislation, regulations, internal policies and risk culture and should report all identified compliance risks and issues of non-compliance to the Board of Directors.
 - The Internal Audit Division carries out an independent review of the design, implementation and effects of the Bank's Remuneration Policy on its risk profile and the way these effects are managed.
 - The staff who are involved in the design, review and implementation of the Remuneration Policy and practices, have relevant expertise and are capable of independent judgement of the said Policy on their suitability, including their suitability for risk management.
- ii. The Committee supports the Non-Executive Members of the Board of Directors in overseeing the Remuneration Policy as well as the relevant practices and processes and their compliance with the Remuneration Policy.
- iii. The Committee checks whether the existing Remuneration Policy is up to date and, if necessary, makes proposals for changes.
- iv. The Committee may review the appointment of external remuneration consultants that the Non-Executive Members may decide to engage for advice or support.
- v. The Committee ensures the adequacy of the information provided to the Group (shareholder) on remuneration policies and practices, in particular on a proposed higher maximum level of the ratio between the fixed and variable remuneration.

- vi. The Committee shall review a number of possible scenarios to test how the Remuneration Policy and practices react to external and internal events and back-test the criteria used for determining the award and the ex-ante (beforehand) risk adjustment based on the actual risk outcomes.
- vii. The Committee works closely together with the Board of Directors, the Audit Committee and the Risk Committee to ensure that the Remuneration Policy is consistent with and promotes sound and effective risk management and provides adequate information to the Board of Directors and where appropriate to the Shareholder's meeting about the activities performed.
- viii. The Remuneration Committee should ensure that the Remuneration Policy and practices are subject to a central and independent internal review at least annually. The review should include an analysis of whether the Remuneration Policy is gender neutral and supports the equal treatment of Employees, while promoting the inclusion and respecting diversity in general.
- ix. On an annual basis (or as required), the Committee reviews the audit reports prepared by the Internal Audit Division regarding the implementation of the Remuneration Policy and studies proposals for the revision thereof in alignment with the Group's objectives.

Remuneration Framework

- i. The Committee reviews the variable remuneration framework. Advises on variable remuneration schemes, where these are permitted, for the Executives and the staff and proposes the total envelope for variable remuneration across the Bank.
- ii. The Committee shall assess the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the Remuneration Policy is in line with the business strategy, objectives, corporate culture, values and long-term interests of the Bank.
- iii. The Committee is responsible for the application of the decision of the Group (Shareholder) on the remuneration of the Non-Executive Members of the Board of Directors.
- iv. The Non-Executive Members determine and oversee the remuneration of the Executive Members of the Board of Directors the Heads of the Independent Control Functions and the Material Risk Takers (MRTs), fully taking into account the opinion of the Audit Committee and the Risk Committee. Thus, the Committee is responsible for the preparation of the decisions on remuneration to be taken by the Non-Executive Members of the Board of Directors, regarding the remuneration of the Executive Members of the Board of Directors, the Bank's Key Function Holders as well as the MRTs.
- v. The Committee is responsible to review and approve the Benefits and Corporate Expenses Policy.
- vi. Discusses potential performance-related remuneration for the Bank's Executive Members, General Managers and Key Function Holders, before submitting its proposals to the Board of Directors for final approval.
- vii. Assesses the achievement of performance targets and the need for ex-post risk adjustment, including the application of malus and clawback arrangements.

Other duties and responsibilities

- i. The Committee shall conduct self-evaluations and submit to the Board of Directors its conclusions and suggestions for improvements and changes.
- ii. The Committee shall ensure that the necessary resources are available within and out of the Bank for supporting the Committee's work.



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- iii. It shall submit its annual and semi-annual Activity Reports to the Remuneration Committee of Alpha Bank S.A.