

## 2.4.4. RULES OF PROCEDURE FOR THE BOARD REMUNERATION COMMITTEE

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The Board committees are discussed in section IV of the Rules of Procedure for the Board of Directors. These provisions are set out with reference to those rules, which also apply to the Board committees as appropriate. Please refer to those rules on points which are not addressed below.

The CEO attends meetings of Board committees and has the right to debate and submit proposals, unless the committee decides otherwise on particular instances.

### 1. COMMITTEE MEMBERS

The Board Remuneration Committee (BRC) must consist of at least three members, the majority of whom must be independent of the Bank's significant shareholders. The CEO, Managing Directors, or other employees of the Bank cannot be members of the Committee.

### 2. MAIN ROLE

The main role of the BRC is to prepare a remuneration policy for the Bank that shall be reviewed by the Board at least annually and submitted to the AGM for approval.

The BRC's role is also to advise the Board on remuneration to the CEO, Managing Directors, the Compliance Officer and the Chief Internal Auditor, and on the Bank's incentive scheme and other work-related payments. The CEO proposes a salary framework for Managing Directors, the Compliance Officer and Chief Internal Auditor in consultation with the BRC.

The BRC also makes other proposals which it considers necessary or appropriate. The Committee shall report on its activities to the Board at regular intervals.

### 3. RESPONSIBILITIES

The main responsibilities of the BRC are as follows. The BRC shall:

- a) Review and propose changes to the Board on the Bank's remuneration policy which proposes the changes to a shareholders' meeting.
- b) Give the Board such additional assurance as it may reasonably require regarding the human resources policies of the Bank and its subsidiaries, particularly those governing the terms and conditions of employment and remuneration which are fair and will attract and retain high caliber staff.
- c) Review, monitor and submit to the Board an incentive scheme for the Bank which are substantial in their cost and affect a significant proportion of employees, if appropriate.
- d) Ensure that no Director or any of their associates is involved in deciding their own remuneration. Only a legitimate shareholders' meeting can decide on the remuneration of Directors.
- e) Review and endorse the content of the Directors' remuneration report in the annual report and accounts for submission to the Board.
- f) Agree on the procedure for authorizing claims for expenses from the Chairman of the Board of Directors, other Directors and the CEO.
- g) Propose to the Board of Directors remuneration to committee members who are not Directors.
- h) Ensure that wages and other employment terms are in accordance with laws, regulations and best practices as current from time to time.



- i) Other tasks entrusted to the BRC by the Board or the Chairman of the Board.

The BRC furthermore has the following specific responsibilities for those executives who are hired by the Board, i.e. the CEO and the Chief Internal Auditor:

- a) Overall market positioning of the remuneration package
- b) Individual basic salaries and increases
- c) Annual and long-term incentive arrangements
- d) Benefit entitlements (including pension arrangements)
- e) Service contracts
- f) Termination arrangements