

# CORPORATE GOVERNANCE CODE

	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 2/37

## PREAMBLE

UNIBanka AD Skopje aims to constantly upgrade itself as a universal banking institution, offering a wide range of banking services for customers being individuals or legal entities in the territory of the Republic of North Macedonia and, if necessary, more widely in the region.

The Bank maintains a high level of compliance, which it achieves by taking daily actions aimed at acting in accordance with domestic and relevant international regulations, rules and policies.

The Corporate Governance Code of UNIBank AD Skopje (hereinafter: Code) sets the basic principles of good corporate governance of UNIBank AD Skopje.

Corporate governance in the Bank represents a set of mutual relations between the Supervisory Board, the Management Board, other officers with special powers and responsibilities who hold an executive position in the Bank, the Bank's shareholders and other interested parties.

The purpose of the Code is to establish a system of governance and control of the Bank, which is designed and aimed at creating sustainable and long-term value of the Bank. The objective of the Code is to satisfy the needs of all interested parties whose well-being depends on the Bank's success. The Code was adopted in order to increase the degree of transparency for all interested parties.

Interested parties include credit users, customers, other creditors of the Bank, investors, regulatory and supervisory authorities, credit rating agencies, the Deposit Insurance Fund, auditing companies and other entities that have an interest in the Bank's operations.

 <b>УНИБанка</b> Универсална Инвестициона Банка	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 3/37

## Table of Contents

- I. **BASIC PRINCIPLES**
- II. **PROCEDURE FOR CONVENING THE SHAREHOLDERS' ASSEMBLY MEETING, VOTING PROCEDURE, RIGHTS OF SHAREHOLDERS, RIGHTS OF MINORITY SHAREHOLDERS**
- III. **COOPERATION BETWEEN THE SUPERVISORY AND MANAGEMENT BOARD AND THE TYPE, DEADLINES AND MANNER OF DELIVERY OF INFORMATION AND DOCUMENTS BY THE MANAGEMENT BOARD TO THE SUPERVISORY BOARD**
- IV. **CONFLICT OF INTEREST**
- V. **RECOGNITION AND REWARD POLICY**
- VI. **PROTECTED INTERNAL REPORTING**
- VII. **USE OF OUTSOURCING SERVICES**
- VIII. **OBLIGATIONS AND RESPONSIBILITIES OF THE SUPERVISORY BOARD, MANAGEMENT BOARD AND OTHER BODIES, AND THE MANNER OF THEIR OPERATION**
- IX. **CRITERIA AND RULES FOR THE APPOINTMENT OF MEMBERS OF THE SUPERVISORY BOARD AND THE MANNER OF THEIR REMUNERATION**
- X. **SUB-COMMITTEES OF THE SUPERVISORY BOARD**
- XI. **CRITERIA AND RULES FOR APPOINTING MEMBERS OF THE MANAGEMENT BOARD, AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE AND OTHER BODIES OF THE BANK AND FOR APPOINTING OFFICERS WITH SPECIAL POWERS AND RESPONSIBILITIES**
- XII. **THE ROLE, SIGNIFICANCE AND SCOPE OF WORK OF THE INTERNAL AUDIT SERVICE, THE EXTERNAL AUDITOR AND THE REGULATORY COMPLIANCE SERVICE**
- XIII. **SUSTAINABILITY AND ISSUES OF PUBLIC INTEREST**
- XIV. **STATEMENT ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE**
- XV. **FINAL PROVISIONS**

	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 4/37

## **XVI. BASIC PRINCIPLES**

### **Principle of guaranteeing the rights and interests of the shareholders**

UNIBank guarantees to all its shareholders the exercise of the rights deriving from the shares they hold in accordance with legal regulations and the Articles of UNIBank.

Each shareholder is guaranteed an equal right to participate in the decision-making of the General Assembly of UNIBank, to be nominated and elected as a member of one of the Bank's bodies and to propose the nomination of members of UNIBank's bodies in accordance with the rights arising from the class and type of the shares.

Holders of voting shares exercise this right according to the principle of one share-one vote.

### **Principle of transparency of the ownership structure of UNIBank**

According to the provisions of the Decision on publication of reports and data by the Bank, UNIBanka submits information to NBRNM about all changes in its ownership structure.

UNIBank pays special attention to transparency towards future investors, customers, suppliers and all interested parties.

The ownership structure of the Bank, the composition of the Supervisory and Management Board and all important events that are of vital importance to future investors, customers, suppliers and all interested parties are published on UNIBank's website.

Information on securities issued by the Bank is published in public newspapers in the country and on the website of UNIBank.

### **Principle of social responsibility**

UNIBank as a successful company recognizes its role of social responsibility in the community.

UNIBank's vision is to create a more beautiful and happier environment with expressed true values of living and awareness of mutual help, an environment in which we will all be able to realize our own potential in addition to the common good.

UNIBank's slogan is "Humanity as a motive and goal".

	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 5/37

### **Principle of efficient corporate governance**

One of the most important elements in the implemented principles of corporate governance is the adoption of UNIBank's Business and Development Policy. The Supervisory Board of the Bank has set strategic goals on an annual basis in order to successfully monitor and fulfill the Business and Development Policy of UNIBank.

### **Principle of division of competences**

The division of competences between the bodies that perform supervision and control and the bodies that manage the operations of the Bank enables successful implementation of the corporate governance system, set out in this Code, by adhering to the "Check and Balance Principle".

### **Principle of efficient control of financial and economic activities**

The overall operation of UNIBank is based on the principle of "dual control of every banking activity".

UNIBank has established an Internal Audit Division that performs constant and complete control of the legality, promptness and correctness of operations, as well as the application of professional standards and corporate values in the Bank.

The Internal Audit Division acts preventively and instructively, and it is autonomous and independent in performing its work.

The control of compliance of the Bank's operation with the regulations is carried out by an independent organizational unit, in which identification and monitoring of the risks of non-compliance of the Bank's operation with the regulations is carried out.

The annual financial statements are checked and evaluated by an Audit Company that prepares a report on the performed audit.

The General Assembly of Shareholders annually elects the Audit Company which is independent and has no mutual connection with the Bank and the Bank's shareholders. The same Audit Company may perform a maximum of five consecutive audits of the Bank's annual financial statements.

### **Principle of compliance with the laws and established moral standards**

UNIBank acts in accordance with the positive legal regulations in the country and the established corporate and business ethics.

The Code of Ethics, adopted by the Supervisory Board of UNIBank, establishes standards for the corporate conduct of its employees, and thus will contribute to increasing the reputation, financial stability, efficiency and profitability of the Bank.

	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 6/37

### **Principle of disclosure of data and information**

The Bank strives to provide its shareholders, investors and interested parties free and easy access to the Bank's information, its strategy, plans, goals and expectations in the Bank's development and growth.

The disclosure of accurate, understandable and timely information contributes to the creation, strengthening and maintenance of investor confidence. Having data about the Bank's condition allows investors to make realistic assessments of the Bank's performance and financial condition. In addition to trust, it also increases market efficiency. An efficient market is one in which the market price is the result of an unbiased assessment of the real value of the investment.

The disclosure of data and information in UNIBank is based on the following principles:

- ✓ Regular and timely disclosure;
- ✓ Easy availability of information;
- ✓ Accuracy and completeness of information;
- ✓ Comprehensibility and comparability of information;
- ✓ Consistency, relevance and records of information.

### **Data confidentiality principle**

UNIBank employees respect the confidentiality of all information to which they have access. They have a continuous obligation to maintain the confidentiality of all information regardless of the way they are engaged in the Bank, that is, of the type of contract that the employees have concluded with the Bank.

All information relating to the Bank's customers and its employees is under the administrative control of the Bank and will be considered confidential, in accordance with its policies and practice, as well as the legal provisions in the country.

Documents, data and information acquired during the performance of the Bank's banking and financial activities are disclosed in certain cases and at the request of the authorities as specified in the Law on Banks.

### **Principle of customers' personal data protection**

UNIBanka ensures the protection of personal data for its customers, management and employees and all other entities, whose personal data are processed by the Bank on any basis (consent, agreement, etc.) and in any way (automatically or manually).

 <b>УНИБанка</b> Универзална Инвестициона Банка	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 7/37

The processing of personal data in the Bank is in accordance with the Personal Data Protection Law and they are collected for specific, clear and statutory determined purposes and are processed in a manner that is in accordance with those purposes.

The Bank ensures complete confidentiality, integrity and protection of personal data in accordance with the legal regulations and in accordance with the provisions of the Personal Data Protection Regulations of the Bank and the determinations contained in the Personal Data Protection Policy, the Privacy Policy and the Information System Security Policy of the Bank.

Data subjects may at any time withdraw the given consent to the processing of personal data and report a case of violation of the principles of personal data protection.

The employees of UNIBank are obliged, in accordance with the legal regulations and the internal policies of the Bank, to take care of the protection of personal data, as well as to report any case of violation.

#### **Principle of avoiding potential conflict of interest**

**“Conflict between the personal interest and the interest of the Bank”** exists when the performance of an official or other duty directly or indirectly affects the material or immaterial interests of the employee or the interests of his family members.

**“Conflict of interest”** means a situation when the personal interest of the employee is in conflict with the interest of the Bank or when the personal interest affects or can affect his impartiality when performing the tasks in the interest of the Bank.

In performing the work tasks and duties, the employee is obliged to adhere to the principles of legality, equality, efficiency, trust, impartiality, honesty and professionalism and to act conscientiously, professionally, without discrimination, with full respect for human rights and freedoms and human dignity, without any private interest.

The employee must not be guided by any personal, family, religious, political and ethnic interests, pressures and promises from the superior in the performance of his/her work tasks and duties.

The employee must not:

- Receive or seek benefits for the performance of his duties;
- Abuse the rights arising from the performance of work duties;
- Accept awards or any other benefits for the performance of the tasks related to the professional powers and duties;
- Request or accept a reward or service in order to influence the decision-making of a certain body or person with the aim to gain a personal benefit or a benefit for his related parties;
- promise employment or the exercise of any other right by accepting a gift or promising a gift.

	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 8/37

### **Principle of independence**

The principle of independence is incompatible with the receipt and acceptance of any remunerations, premiums or gifts from any source, regardless of whether they are monetary or non-monetary, which are in any way related to the position held.

Activities outside the Bank, whether for consideration or not, will not and must not have any negative impact on their obligations and must not harm the image of the Bank.

### **Principle of diligence and responsibility**

UNIBank's employees are always expected to perform their tasks carefully, diligently, effectively and in the best way possible according to their expertise, knowledge, abilities, responsibilities and tasks entrusted to them. Employees are expected to be careful and aware of the importance of their tasks and responsibilities, to constantly take care of their moral behavior and to constantly behave in a way that will contribute to maintaining and increasing the trust and reputation of the Bank.

## **XVII. PROCEDURE FOR CONVENING THE SHAREHOLDERS' ASSEMBLY MEETING, VOTING PROCEDURE, RIGHTS OF SHAREHOLDERS, RIGHTS OF MINORITY SHAREHOLDERS**

The Bank shall guarantee all the rights of the shareholders in accordance with the law, the Articles of Association, the Rules of Procedure of the Shareholders' Assembly and the decisions on the issuance of shares.

All shareholders holding shares of the same class of shares have the same rights and the same treatment. The Bank guarantees the "one share/one vote" principle.

The Bank owns only one class of shares: ordinary voting shares.

The Shareholders' Assembly conducts its business at general meetings that are held once a year (Annual Meeting of the Shareholders' Assembly) or according to the needs (Extraordinary Meeting of the Shareholders' Assembly).

In accordance with the provisions of the Law on Banks and the Bank's Articles of Association, the decision to convene the Assembly is made by the Bank's Supervisory Board.



 <b>УНИ Банка</b> Универзална Инвестициона Банка	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 9/37

Any shareholders jointly holding at least 10% of the votes in the Shareholders' Assembly may submit a written request to the Bank's Supervisory Board to convene a meeting. The written request must state the reasons for convening the meeting and the matter to be decided on, each shareholder's name, place of residence, personal number or, if the shareholder is a legal entity, the company name, the address and the company registration number.

The Supervisory Board shall, within eight days following receipt of the shareholders' request to convene the meeting, decide to either accept or reject the request. The decision on rejecting the request must state the reasons for the rejection.

At the request of shareholders holding the majority of all voting shares, the Bank's Supervisory Board is required to convene a meeting within 24 hours following the request. The Shareholders' Assembly meeting is convened by sending an invitation to all shareholders whose shares are registered in the share register, in a manner that allows for verification that the invitation has been sent to each shareholder.

The Assembly meeting may also be convened by way of a public call addressed to the shareholders, published in at least one daily newspaper in circulation in the territory of the Republic of North Macedonia, as well as on the home page of the Bank's official website and the stock exchange website.

The deadline that runs from the date of sending the invitation, that is, the date of publishing the call for participation at the meeting until the date of holding the meeting shall not be shorter than 30 days.

Any shareholder who intends to attend the Assembly meeting shall notify his/her attendance at the latest prior to the start of the meeting. The Bank's shareholders may, by using the Bank's electronic system, register, authorize their proxies, and instruct them how to vote at the General Meeting. The Bank's shareholders may cancel the granted power of attorney through the same system.

The shareholders who, individually or jointly, hold at least 5% of the total number of voting shares may propose to supplement the agenda by requesting the inclusion of new items, provided they give their reasons for the supplementation of the agenda with the proposed item, or propose a decision regarding the proposed item.

Any shareholders who, individually or jointly, hold 5% of the total number of voting shares may give written proposals for the adoption of decisions regarding each of the items that are or will be included in the assembly meeting agenda.

 <b>УНИ Банка</b> <small>Универсална Инвестициона Банка</small>	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 10/37

The request for including one or more items in the agenda of a convened meeting shall be submitted to the convener of the meeting.

The materials required for deciding at an Assembly meeting must be made available to the shareholders as of the date of sending the invitation, that is, the date of publishing the public call.

The Bank publishes on its website the necessary information regarding the date, place and agenda of the Shareholders' Assembly, as well as all other materials related to the session of the Shareholders' Assembly in accordance with the law and the Listing Rules.

The right to submit proposals and discuss the items on the agenda is granted to all shareholders, while the right to vote on the items on the agenda is granted to shareholders who are holders of voting shares.

The Bank shall prescribe the procedure and the manner of exercising the right to inspect the regulations and other documents of the Bank that, in accordance with the law, every shareholder has the right to inspect, in the Bank's Articles or in other internal documents. In the event that it restricts the right to inspect the acts and documents in order to preserve the confidentiality of operations or business interests, the Bank shall provide an explanation thereof to the shareholder who requested inspection.

The Assembly may only decide on issues that have been put on the agenda of the meeting.

## **RIGHTS OF THE SHAREHOLDERS**

The representatives or proxies of the shareholders shall have the following rights and obligations:

- To represent the shareholders at the Assembly's meetings;
- To be notified about the work and operations of the Bank in order to participate in the work of the Assembly meetings and decide on the issues put on the agenda;
- To participate in the discussions, to propose specific solutions and amendments to the acts that are being decided upon;
- To vote for each proposal (if no voting restrictions are specified in the power of attorney);
- To ask questions, take initiatives and make suggestions.

The Bank is particularly committed to respecting the rights and interests of minority shareholders, and especially the right to convene a Shareholders' Meeting, to propose agenda items, to ask questions related to the agenda items, to participate in the discussion, to make comments on the work of the Assembly and request for such comments to be entered in the minutes.

 <b>УНИ Банка</b> <small>Универсална Инвестициона Банка</small>	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 11/37

## **MANNER OF OPERATION OF THE ASSEMBLY**

The Shareholders' Assembly conducts its business at meetings. The meetings of the Assembly are public. In the event that the subject matter of the decision is a business secret, the Assembly may decide not to allow the public to attend the meeting.

A meeting of the Shareholders' Assembly is held with physical presence. The Bank shall announce whether the shareholders have the opportunity to vote with the help of communication technologies and by correspondence or by participating in the sessions using electronic means instead of in person, and if so, provide details regarding the method of attendance and decision-making.

The Assembly of the Bank can work (quorum for work) if the session is attended by verified participants of the assembly who own at least the majority of the total number of shares with voting rights.

The Assembly may conduct its business (make a quorum) provided that the meeting is attended by verified participants holding at least the majority of the total number of voting shares.

The Shareholders' Assembly shall make its decisions by a majority of the votes of all present or represented shareholders, unless a different majority is specified by law or the Articles.

The Shareholders' Assembly shall decide on amending the Articles of Association by a majority of votes of the total number of voting shares, while any decisions on increasing the share capital, decreasing the share capital, and issuance of shares shall be made by a two-thirds majority of the voting shares represented at the meeting.

If the Shareholders' Assembly does not constitute a quorum, the Assembly shall be reconvened no later than 15 days, and it shall be able to decide on the issues included in the specified agenda of the previous meeting regardless of the number of present shareholders entitled to vote and the number of shares they hold, save for issues which must be decided upon with an appropriate majority as provided for by law or the bank's Articles.

The agenda is considered adopted once the representatives or proxies of the shareholders, whose number of votes provides the majority of votes of the Assembly, state their position.

After the adoption of the agenda, the Assembly starts reviewing, discussing and deciding upon each item on the agenda.

## **DECISION-MAKING OF THE ASSEMBLY**

After completing the discussion on each separate issue placed on the agenda, the Assembly shall determine the wording of the act, the decision, the conclusion and the recommendation, depending on the nature of the issue being discussed.

If, in relation to the proposal, another proposal for its amendment or addition is submitted, the Chairman may give a short break for the proposed amendment to be studied.

In the event that an amendment is submitted to the draft wording of the act, a decision is first made on the proposed amendment, and then on the final wording of the act.

All shareholders are treated equally according to the rights deriving from the class and type of shares they hold.

Voting shares exercise this right according to the principle of “one share-one vote”.

The rights to vote at the Assembly’s meeting have the shareholders who own ordinary shares that are recorded in the shareholders register.

Voting is public and is done by a show of hands.

If such a vote is not certain, the Chairman may decide for the vote to take place by roll call according to the list of shareholders, which also includes the number of votes they have according to the shares they hold.

After completing the voting, the Chairman determines and announces the result of the voting.

The Assembly shall make decisions according to the majority stipulated in the Bank’s Articles of Association.

Within 15 days after holding the meeting, the Bank shall announce the results of the voting.

The decisions made at the sessions of the Assembly and the questions and answers are published on the Bank’s website and shall remain available for at least 5 years.

Members of the Supervisory Board and the Management Board, as well as a representative of the Audit Company will attend the session of the Annual General Meeting and will be available for questions.

## **COMMUNICATION WITH SHAREHOLDERS**

The Supervisory Board and the Management Board ensure that all shareholders and potential investors have the opportunity to communicate with the Bank during the year. The Bank shall designate a contact person for investors.

The contact person is responsible for providing a timely and appropriate response to questions or providing information to shareholders and investors.

## **XVIII. COOPERATION BETWEEN THE SUPERVISORY AND MANAGEMENT BOARD AND THE TYPE, DEADLINES AND MANNER OF DELIVERY OF INFORMATION AND DOCUMENTS BY THE MANAGEMENT BOARD TO THE SUPERVISORY BOARD**

The cooperation between the Supervisory Board and the Management Board shall take place in the following areas:

- ✓ Defining the Bank's business goals;
- ✓ Strategies and policies for assuming and managing all types of risks;
- ✓ Determining the Bank's risk profile;
- ✓ Policies for achieving business goals and the objectives in relation to the Bank's risk profile.

The Management Board shall submit to the Supervisory Board periodically and in a timely manner complete information on all relevant issues regarding the development of events in the business sphere, including an assessment of the prevailing risks and the Bank's risk management. If an event of great importance occurs, the Management Board will immediately notify the Supervisory Board at the next meeting of the Supervisory Board or as soon as possible, if the event is of greater importance.

The Supervisory Board shall be immediately informed of any circumstances that could have a material effect on the Bank's profitability, solvency and liquidity.

According to the principle of good corporate governance, the management of the Bank takes place through open discussion and cooperation between the Management and Supervisory Boards as well as within the Bank's bodies themselves.

The Supervisory Board shall periodically open a discussion on the progress achieved in the implementation of the Bank's strategy determined in the Bank's Business and Development Policy, the Bank's financial plan and the internal control system.

According to the scope and type of activities, the Supervisory and Management Board shall adopt an understandable, transparent and documented procedure for making and implementing decisions and a clear and consistent division of rights and responsibilities according to the Rules of Procedure of both the Supervisory Board and the Management Board's Rules of Procedure.

The Supervisory and Management Board cooperate on a permanent and documented basis, especially regarding the following:

- Adoption of the Rules of Procedure of the Supervisory Board, which clearly defines the duties, responsibilities and the manner of making decisions by the Supervisory Board;
- Adoption of the Rules of Procedure of the Management Board, which clearly defines the duties, responsibilities and the manner of making decisions by the Management Board;
- Requests of the Supervisory Board to the Management Board for the analysis of certain issues, preparation of reports, preparation of draft acts, making proposals for the improvement of the Bank's operations;
- Preparation of minutes of held meetings;
- The right to complete inspection of the operations and documentation of the Management Board and other bodies by the Supervisory Board;
- Preparation of regular and extraordinary reports to the Supervisory Board and the Shareholders' Assembly of the Bank;
- Preparation of regular monthly management reports on the bank's operations to the Supervisory Board.

 <b>УНИ Банка</b> <small>Универсална Инвестициона Банка</small>	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 14/37

Of particular importance in the established system of good corporate governance is the right of each member of the Supervisory and Management Board of the Bank to express his/her opinion and to have his/her opinion cited in the minutes of the meetings held, if he/she believes that a certain proposed decision is contrary to the Bank's strategy and policies and contrary to the responsibilities and duties of the appropriate body.

At least once a year, the Management Board shall submit an Annual Report on the Bank's operations to the Supervisory Board for approval. The Supervisory Board shall review the reports on the operations submitted by the Management Board.

At least once a year, the Supervisory Board shall submit an Annual Report on its operations to the Assembly of Shareholders. The report shall include at least the following data:

- Manner of performing the supervisory function;
- Reports on the cooperation with the Management Board;
- Internal organization and structure of the Supervisory Board;
- Reports on the existence of a possible conflict of interest and the manner in which it was resolved;
- Results of the assessment of its own operations on a collective and individual basis;
- Report on the attendance of each individual member at the sessions of the Supervisory Board.

## **XIX. CONFLICT OF INTEREST**

The officers with special powers and responsibilities shall submit a written statement on the existence or non-existence of a conflict of their personal interest with the interest of the Bank every 6 months.

Personal interest shall also include the interests of their related parties.

A conflict between the personal interest and the interest of the Bank exists when the adoption of decisions, the conclusion of contracts, or the performance of other business activities affects the material or any other type of business or family interests of the persons with special powers and responsibilities.

Having a material, business, or family interest means gaining, directly or indirectly, monetary or other benefits by the persons with special powers and responsibilities.

The officers with special powers and responsibilities may not be present during the consideration and adoption of decisions, enter into contracts or perform other business activities if their objectivity is called into question due to a conflict between their personal interest and the interest of the Bank.

A written statement regarding the existence of a conflict of interest shall also be given prior to the holding of the meeting for consideration and adoption of decisions, entering into contracts, or performing other business activities.

The written statements shall be submitted to the Supervisory Board and the Management Board of the Bank and shall state the circumstances giving rise to the conflict between the personal interest and the interest of the Bank.

Where the officer with special powers and responsibilities fails to disclose a conflict of interest, the National Bank of the Republic of North Macedonia and any other person having a legal interest may request annulment of the legal matter before the competent court, in accordance with the law.

The members and persons may not take part in the adoption of decisions if their objectivity is called into question due to the existence of a common interest or conflict of interest with persons included in the relevant contract or legal matter.

A statement regarding the existence of any common interest or conflict of interest shall be made before discussing the respective matter.

A member or a person with special powers and responsibilities having a material interest or a material relation shall leave any meeting at which the matter is discussed, and shall refrain from voting on any matter related thereto.

An interest shall be considered material if the members or persons gain material benefit or have business and family interests, or gain material benefit for another legal entity, which is directly or indirectly in their ownership, or in which they have common interest, or is managed by them.

Where such parties fail to disclose the existence of a material interest or conflict of interest in accordance with these provisions, a court of competent jurisdiction may, upon request of the Bank or a bank shareholder, suspend the contract or the legal matter in question.

During the exercise of their powers and performance of their duties, the Bank's employees must not perform any activity that may affect the impartial performance of their work tasks and the protection of the Bank's interest.

In case of suspicion that there is a conflict of interest, the employee shall take all necessary measures to prevent the influence of its private interest.

If an employee becomes aware of the circumstances that indicate the existence of a conflict of interest, he/she shall immediately request to be exempted, stop his actions and inform his superior about this.

The members of the Supervisory and Management board may not:

- a) Be in competition with the company;
- b) request, accept or approve gifts of material value or donations from the company for themselves or their family members;
- c) allow third parties to gain benefits to the detriment of the company;

 <b>УНИ Банка</b> <small>Универсална Инвестициона Банка</small>	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 16/37

- d) use the business opportunities belonging to the company for their personal interests or for the interests of their family members;
- e) realize other forms of personal income from the operation of the company, except the remuneration they receive as members of the Supervisory and Management board and the income resulting from any shares they hold in the company.

## **XX. RECOGNITION AND REWARD POLICY**

The Bank's Supervisory Board adopts a Recognition and Reward Policy that defines the basic principles according to which the Bank shall address issues related to employee rewards.

The main objective of the policy is to attract and retain highly qualified employees, while motivating them to achieve high results at a moderate level of risk, in accordance with the long-term interests of the Bank and its shareholders.

The Supervisory Board and the Management Board shall ensure that the Recognition and Reward Policy and the corresponding procedures are in accordance with the corporate culture, long-term goals and strategy, as well as with the control environment of the Bank.

## **XXI. PROTECTED INTERNAL REPORTING**

The Management Board of the Bank adopts the Protected Internal Reporting Regulations, taking into account the provisions of the Law on the Protection of Whistleblowers and the by-laws that prescribe the protected internal reporting in the public sector and the protected external reporting which are mandatory for application by the legal entities in the private sector.

The Regulations shall govern the right of every employee, candidate for employment, intern, volunteer, person who on any basis is or was hired to perform works for the bank, person who on any basis is or was in a business relationship or other relationship of cooperation with the bank and a person who uses or has used services in the bank to perform protected internal reporting.

More detailed information about the protected reporting procedure is published on the Bank's website.

The Supervisory Board of the Bank monitors the implementation of this regulations as well as the processes for free protected reporting by the Bank's employees.



 <b>УНИ Банка</b> <small>Универсална Инвестициона Банка</small>	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 17/37

## **XXII. USE OF OUTSOURCING SERVICES**

Due to the execution of daily financial activities and business processes, the Bank uses services provided by third parties.

The need for the Bank to use outsourcing services arises from the economic justification for using these services, or more specifically reducing the Bank's expenses or from the need for greater expertise and specialized knowledge in certain areas.

When making decisions on the use of outsourcing services, the Bank must carry out an analysis of the advantages and disadvantages that could arise from the engagement of third parties in the implementation of a certain activity or business process in the Bank, as well as an analysis of the risks arising from those arrangements.

The Supervisory Board of the Bank shall adopt an Outsourcing Policy, which defines the specific conditions under which the Bank can make a decision to use outsourcing services, an analysis of the economic benefits and the manner in which the outsourcing service providers will be selected.

## **XXIII. OBLIGATIONS AND RESPONSIBILITIES OF THE SUPERVISORY BOARD, MANAGEMENT BOARD AND OTHER BODIES, AND THE MANNER OF THEIR OPERATION**

### **SUPERVISORY BOARD**

The Supervisory Board shall supervise the work of the Management Board, approve the policies for performing the financial activities, and monitor their implementation.

The Supervisory Board shall ensure the proper operation, management, and stability of the bank, as well as timely and accurate financial reporting to the National Bank.

The Bank's Supervisory Board is comprised of 6 (six) members.

At least one quarter of the Bank's Supervisory Board members must be independent members.

No person can serve as an independent member of the Bank's Supervisory Board for more than three consecutive terms.

The members of the Supervisory Board elect from among themselves the chairman and the vice chairman of the Bank's Supervisory Board.

If the Chairman of the Supervisory Board is not an independent member, one of the independent members of the Supervisory Board shall be appointed vice chairman.

A Chairman of the Supervisory Board may not be a person who was a member of the Bank's Management Board for at least two years before his election.

The duties and responsibilities of the chairman of the Supervisory Board are determined in the Rules of Procedure of the Supervisory Board.

The Supervisory Board meets once a quarter, that is, in accordance with the law.

The Supervisory Board adopts Rules of Procedure that regulate the work of the Board in detail.

The Supervisory Board shall perform the following tasks:

- adopt the Bank's business policy and development plan;
- appoint and dismiss members of the Bank's Management Board;
- appoint and dismiss members of the Risk Management Committee;
- appoint and dismiss members of the Bank's Audit Committee;
- adopt the Bank's financial plan;
- establish an Internal Audit Service;
- adopt the annual work plan of the Internal Audit Service;
- adopt the Information System Security Policy;
- adopt the Bank's Risk Management Policy;
- adopt a Policy to avoid conflicts of interest, which identifies possible conflicts of interest and measures and activities for prevention thereof;
- adopt a Recognition and Reward Policy in accordance with the Bank's business policy, development plan, financial plan, and the policy for avoiding conflicts of interest;
- adopt and implement a policy on the manner of electing, monitoring the performance of, and dismissing the members of the Supervisory Board, the Risk Management Committee, the Audit Committee, and the Management Board;
- review the reports on the operations of the Bank's Management Board;
- review the reports of the Risk Management Committee;
- review the reports of the Audit Committee;
- review the reports of the Internal Audit Service;
- review the reports of the Regulatory Compliance Officer/Regulatory Compliance Division;
- approve the Bank's annual statement of account and financial statements;
- approve the exposure towards a person that exceeds 20% of the Bank's own funds, with the exception of exposure based on the purchase of securities issued by the National Bank of the Republic of North Macedonia;
- approve transactions with related parties of the Bank in excess of MKD 6,000,000.00;
- approve the acquisition of capital shares and the purchase of securities exceeding 5% of the Bank's own funds, save for the purchase of securities issued by the National Bank of the Republic of North Macedonia;

 <b>УНИБанка</b> Универсална Инвестициона Банка	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 19/37

- approve the proposal of the Audit Committee on appointing an audit firm, or the proposal on terminating the contract signed with the audit firm, and ensuring that an appropriate audit will take place;
- adopt the internal audit policy;
- review the supervision reports, and other reports submitted by the National Bank, the Public Revenue Office and other competent institutions, and propose and undertake measures and activities for remedying the identified inconsistencies and weaknesses in the bank's operations;
- approve the Bank's Management Report and submit a written opinion thereon to the Shareholders' Assembly;
- review the report of the audit firm, and submit a written opinion thereon to the Shareholders' Assembly;
- adopt the Corporate Governance Code regulating matters regarding the management and supervision over the Bank;
- adopt the Code of Ethics of the Bank;

The Supervisory Board invites the members of the Management Board to attend the meetings of the Supervisory Board, unless their presence may affect the ability of the Supervisory Board to make decisions independently. The members of the Management Board shall not be present when the Supervisory Board discusses their performance and remuneration.

The Supervisory Board shall, at least once a year, assess its performance in terms of its individual members and collectively, and shall inform the Shareholders' Assembly thereof.

At least once a year, the Reward, Election and Appointment Committee reviews and accordingly advises the Supervisory Board regarding the structure and membership of the committees, taking into account the results of the self-assessment carried out by the relevant committee.

The Reward, Election and Appointment Committee evaluates the structure, scope, composition and performance of the Supervisory Board, the knowledge, skills, experience and good reputation of the individual members of the Board, as well as the collective efficiency of the Board, in order to ensure independence in decision-making procedures and in the effective consideration and monitoring of the implementation of the decisions of the management.

The Reward, Election and Appointment Committee reviews the size, composition and functioning of the Supervisory Board at least once a year in order to assess whether the Board is still effective and the need to propose appropriate changes.

 <b>УНИБанка</b> Универзална Инвестициона Банка	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 20/37

The term of office of a Supervisory Board member may be terminated early by a dismissal from office due to any conduct contrary to the law, the Articles, and the good business practices, or upon personal written request.

The notice period in case of a personal request for termination of the term of office of a member of the Supervisory Board is 90 days.

In case of early termination of office of any member of the Supervisory Board, any vacated positions for the rest of the term shall be filled by election at the following meeting of the Shareholders' Assembly, upon prior consent by the National Bank of the Republic of North Macedonia.

The Supervisory Board establishes the following committees, which support its work: the Audit Committee, the Reward, Election and Appointment Committee and the Risk Management Committee. The Supervisory Board adopts the rules of procedure for each of these committees.

**Corporate Secretary:** The Supervisory Board appoints a corporate secretary, who helps the Supervisory Board to ensure its effective operation and is responsible for implementing and improving the Bank's corporate governance practices. The role of the corporate secretary is:

- to provide organizational and professional support to the Chairman, the Supervisory Board, and other committees;
- to advise the Supervisory Board and other committees on their responsibilities and legal obligations;
- to attend and keep minutes of the meetings of the Supervisory Board and other committees;
- to ensure proper implementation of the procedures established in the Rules of Procedure;
- to assist the Supervisory Board and, if requested, the Management Board, in order to improve the efficiency and quality of their work, among other things, by organizing training for their members;
- to organize a meeting of the Shareholders' Assembly and ensure the existence of clear communication with shareholders on how they can exercise their rights; and
- to perform other administrative tasks related to the Bank's corporate management.

## **RISK MANAGEMENT COMMITTEE**

The Risk Management Committee is comprised of 6 (six) members, of whom 2 (two) are elected from among the Management Board members, 2 (two) members of the Committee are the Chief Risk Officer and the Chief Compliance Officer, 1 (one) member of

 <b>УНИ Банка</b> <small>Универсална Инвестициона Банка</small>	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 21/37

the Committee is the Treasury Department Head and 1 (one) member of the Committee is the Head of the Retail Banking Division. The Bank's Supervisory Board shall appoint and dismiss the members of the Risk Management Committee.

The Risk Management Committee shall meet at least once a week.

The Risk Management Committee shall take its decisions by a majority vote of the members of the committee, and shall submit reports of its activities to the Bank's Supervisory Board at least once every quarter.

Apart from the requirements which must be fulfilled by the persons with special powers and responsibilities as specified in the Bank's Articles, the members of the Risk Management Committee must have at least 3 years of experience in the area of financing or banking, be familiar with the Bank's operations, its products and services, and be familiar with the risks to which the Bank is exposed.

The term of office of the Risk Management Committee members is 4 (four) years.

The Risk Management Committee shall carry out the following tasks:

- permanently monitor and assess the Bank's level of risk, and determine the acceptable level of risk exposure in order to minimize losses arising from the Bank's risk exposure;
- establish risk management policies and monitor the implementation thereof;
- follow National Bank's regulations relating to risk management, and monitor the bank's compliance with such regulations;
- assess the Bank's risk management systems;
- determine short-term and long-term strategies for managing the individual types of risks to which the Bank is exposed;
- analyze the reports on the Bank's exposure to risk made by the Bank's services that perform risk assessment, and propose strategies, measures and instruments for risk protection;
- monitor the efficiency of the internal control systems with regard to risk management;
- analyze the risk management effects on the Bank's performance;
- analyze the effects from the proposed risk management strategies, and the proposed strategies, measures and instruments for risk protection;
- assess the correspondence of the prices of products and services offered by the Bank to the level of risk taken in accordance with the Bank's business policy and development plan;
- submit reports on a quarterly basis the Supervisory Board on any changes to the Bank's risk positions, any changes to the risk management strategy, the risk management effects on the Bank's performance, and the undertaken measures and instruments for risk protection and the effects thereof; and
- approve the exposure towards a person of more than 10% and less than 20% of the Bank's own funds.

 <b>УНИБанка</b> Универсална Инвестициона Банка	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 22/37

## AUDIT COMMITTEE

The Audit Committee is comprised of five members appointed for a two-year term by the Bank's Supervisory Board.

The majority of the members of the Audit Committee shall be elected from among the members of the Supervisory Board, while the others shall be independent members.

At least one member of the Audit Committee shall be a certified auditor.

The Audit Committee shall submit a semi-annual and annual report on its activities to the Bank's Supervisory Board. The annual report shall contain the assessment of its own performance in terms of the individual members and collectively.

The Audit Committee constitutes a quorum if the majority of its members are present.

The Audit Committee shall take its decisions with a majority vote of all committee members.

The Audit Committee shall carry out the following tasks:

- review the Bank's financial statements and ensure the accuracy and transparency of the disclosed financial information about the Bank's operations in accordance with the accounting regulations and the international accounting standards;
- review and assess the internal control systems;
- monitor the work and assess the efficiency of the Internal Audit Service;
- monitor the Bank's audit process and assess the work of the audit firm;
- adopt the Bank's accounting policies;
- monitor the bank's compliance with the regulations relating to the accounting standards and financial statements;
- hold meetings with the Management Board, the Internal Audit Service, and the audit firm regarding any non-compliances with the regulations;
- review the reports of the Risk Management Committee;
- propose the appointment of an audit firm and terminating the contract concluded with the audit firm;

## MANAGEMENT BOARD

The Management Board of the Bank represents the Bank and manages its operations.

The Management Board of the Bank is comprised of 3 (three) members: one Chief Executive Officer and two Executive Directors. With the decision of the Supervisory Board on appointing the members of the Management Board, the member appointed as Chief Executive Officer shall be appointed Chairman of the Management Board.

	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 23/37

There is a division of competences and responsibilities among the Bank's Management Board members as follows:

- One Executive Officer shall be responsible for the operations of the Legal Affairs Department, Regulatory Compliance Service, Money Laundering and Terrorism Financing Prevention Service, Corporate Banking Department, Retail Banking Department, Loan Center Department, Human Resources Department and Marketing and Advertising Department;
- One Executive Officer shall be responsible for the operations of the Branch Network Department, Strategic Clients Department, Treasury Department, Security Department and Non-banking Operations Service; and
- One Executive Officer shall be responsible for the operations of the Risk Management Department, Non-performing Loans Management Department, Finance and Accounting Department, Information Technologies Department, Payment Systems Department, Payment Cards Operations Department and Loan Administration Department.

The Bank shall be represented at any time by two members of the Management Board, one of whom must be the Chief Executive Officer i.e. the Chairman of the Management Board. In his/her absence, he/she may assign such right only to another member of the Management Board.

The Supervisory Board of the Bank shall appoint the members of the Management Board by adopting a decision after obtaining a prior consent from the National Bank.

The term of office of the Management Board members is 5 years.

The Bank's Management Board shall report to the Supervisory Board.

The Bank's Management Board shall perform the following tasks:

- manage the bank's operations;
- represent the bank;
- implement the decisions of the Shareholders' Assembly and the Supervisory Board or ensure their implementation;
- take initiatives and make proposals on improving the bank's operations;
- appoint and dismiss persons with special powers and responsibilities in accordance with the law and the Articles;
- create the bank's business policy and development plan;
- prepare the bank's financial plan;
- decide on financial activities in amounts of up to EUR 500,000.00 in denar equivalent;
- decide on capital investments and purchase of securities amounting less than 1% of the bank's own funds, save for purchase of securities issued by the National Bank and state securities;
- decide on the purchase, sale and lease of the bank's fixed assets, and approve assets for other purposes amounting to less than 5% of the bank's own funds;

- create the bank's information security policy;
- prepare the management report and submit it to the Supervisory Board;
- adopt the act for organization of the bank's activities and systematization of the work and duties, and technological changes in the work process;
- make decisions on hiring new employees, allocation and rewarding of employees in accordance with the legal regulations;
- develop the bank's code of ethics;
- establish inventory commissions for taking the inventory of assets and sources of funds, a commission for discharge and disposal of fixed assets and petty inventory and, if needed, establish other commissions and working bodies for carrying out specific tasks, and appoint their members;
- perform other tasks as specified in the legal regulations, the Articles, and other acts of the bank.

The Bank's Management Board shall be responsible for:

- providing conditions for the operation of the Bank in accordance with the regulations;
- managing and monitoring the risks to which the Bank is exposed in its daily operations;
- achieving and maintaining an adequate level of own funds;
- the functioning of the internal control system in all areas of operation of the Bank;
- ensuring the uninterrupted functioning of the Bank's Internal Audit Service;
- keeping the Bank's trade and other books and business documents, and preparing financial and other statements in accordance with the accounting regulations and standards;
- ensuring timely and accurate financial reporting;
- ensuring the uninterrupted functioning of the Regulatory Compliance Service;
- adopting and implementing a policy on the method of election, monitoring the performance of, and dismissal of persons with special powers and responsibilities, with the exception of the members of the Supervisory Board, the Risk Management Committee, the Audit Committee, and the Management Board;
- ensuring the regular submission and accuracy of the reports to the National Bank in accordance with the law and legal regulations;
- implementing the measures imposed towards the bank by the Governor.

The Management Board shall immediately notify the Supervisory Board:

- in case of decreased liquidity or solvency of the bank;
- in case of existence of grounds for revoking the license of incorporation and operation, or imposing a ban on the performance of a particular financial activity, in accordance with the law;



- in case of reduction of the bank's own funds below the prescribed level in accordance with this law;
- of the findings of National Bank's supervision and inspection; and
- of the findings of the Public Revenue Office and other control authorities.

The Management Board shall report to the Supervisory Board on its operations at least once a quarter. A member of the Management Board shall immediately inform the Supervisory Board if he or persons related to him acquire control in another legal entity.

The Reward, Election and Appointment Committee reviews the size, composition and functioning of the Management Board at least once a year in order to assess its effectiveness and the need to propose appropriate changes.

The Management Board shall evaluate its own effectiveness and the efficiency of its individual members at least once a year and report the conclusions of the evaluation to the Supervisory Board.

If the officers with special powers and responsibilities establish that the decision of the Bank's bodies is contrary to the law or to another regulation adopted on the basis of the law or that according to its content it is such that it may threaten the liquidity of the Bank and its stability and security, they are obliged to inform the Supervisory Board and the National Bank about this in writing.

#### **XXIV. CRITERIA AND RULES FOR THE APPOINTMENT OF MEMBERS OF THE SUPERVISORY BOARD AND THE MANNER OF THEIR REMUNERATION**

The members of the Bank's Supervisory Board shall possess appropriate qualifications, understand their role in the Bank's corporate management and be capable of realistic assessment of the Bank's operations.

A member of the Supervisory Board may not be a person who is subject to the restrictions provided for in the law on Banks.

When appointing the members of the Supervisory Board, the Shareholders' Assembly shall take into account the balanced composition of expert knowledge and adequate personal qualification of the members of the Supervisory Board.

A member of the Supervisory Board must hold an appropriate higher education degree and possess knowledge of the regulations related to banking or finances, be familiar with the principles of good corporate governance, and have sufficient experience that will ensure safe and stable bank management. A member of the Supervisory Board may not be:

- a member of the Council of the National Bank;
- an employee of the National Bank;
- a person who has been imposed a misdemeanor sanction or has been banned from performing his/her profession, business, or office duty;

- a person of such reputation that could jeopardize the safety and stability of the bank;
- a person who fails to comply with the provisions of the Law on Banks and the regulations related thereto, and fails to implement and/or has failed to act or has acted contrary to the measures established by the Governor, thereby jeopardizing the safety and stability of the bank;
- a member of a supervisory board, risk management committee, audit committee, or management board of another bank, or an employee of another bank registered in the Republic of North Macedonia;
- a person who has served as an officer with special powers and responsibilities in a bank or another legal entity that has undergone administrative receivership, bankruptcy or liquidation proceedings, unless it is undoubtedly determined, based on the available documents and information, that the person had not contributed to the creation of conditions for commencement of administrative receivership, bankruptcy or liquidation proceedings, or had served his/her duty immediately prior to, or immediately after the occurrence of the reasons for commencement of administrative receivership, bankruptcy or liquidation proceedings.
- an employee of the Bank, as well as a person related to a legal entity in which the bank holds a stake.

A person of poor reputation shall also be considered a person who has been sentenced with a final court verdict to unconditional imprisonment of more than six months, as long as the legal consequences of the verdict remain in force.

The member of the Supervisory Board shall:

- possess honesty, competence, ability for independent assessment and strong personal integrity;
- understand his role in corporate governance and effectively fulfill his supervisory role in the Bank;
- be familiar with the risk profile of the Bank;
- be familiar with the regulatory environment and ensure the establishment and maintenance of professional relations with the NBRNM and other competent supervisory and regulatory bodies;
- show loyalty and due care for the Bank;
- avoid conflict of interest or possible conflict of interest;
- take sufficient time to actively fulfill his obligations;
- evaluate the operation of the Bank's Management Board, with the starting point being the Bank's Business and Development Policy and the Bank's Annual Plans. According to the Recognition and Reward Policy, the issued opinion may propose a possible reward for the members of the Bank's Management Board;
- at least once a year evaluate the efficiency of his own work, identify weaknesses in the work of the Supervisory Board and propose changes;

 <b>УНИБанка</b> Универзална Инвестициона Банка	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 27/37

- hold regular meetings with the Management Board, the Risk Management Committee, the Audit Committee and the Internal Audit Service of the Bank;
- make suggestions for good corporate governance;
- not to participate in the daily management of the Bank.

At least one quarter of the members of the Bank's Supervisory Board must be independent members.

An independent member of the Supervisory Board is an individual and individuals related to him, who:

- is not employed or is not a person with special powers and responsibilities in the Bank;
- is not a shareholder with a qualified participation in the Bank or does not represent a shareholder with a qualified participation in the Bank;
- who is not employed, i.e. in the last three years was not employed in the audit company that during that period audited the operations of the Bank;
- in the last three years has not had a material interest or business relationship with the Bank with an average annual value exceeding MKD 6,000,000.

The Supervisory Board prepares an Annual Report on its operations and submits it to the Assembly of Shareholders. At the same time, the report should contain data on the attendance at the sessions of each member of the Supervisory Board, and especially if one of the members of the Supervisory Board did not attend more than half of the meetings of the Board, as well as the date of his first appointment as a member of the Supervisory Board and the date at which his current term of office expires.

Based on the decision of the Assembly of Shareholders of UNIBank, the members of the Supervisory Board receive remuneration (flat rate) for the performance of their function. Members of the Supervisory Board will not receive any reward that is directly linked to the financial results of the company's operations.

## **XXV. SUB-COMMITTEES OF THE SUPERVISORY BOARD**

The Supervisory Board of the Bank may, at its own discretion and according to the needs, establish committees as auxiliary bodies, whose members will be the members of the Supervisory Board, who have competences in the area for which the committee is formed and other persons who have knowledge of the area for which the committee is established.

The purpose of the committees is to improve the efficiency of the Supervisory Board's operations.

The committees will be composed of a sufficient number of members according to the Supervisory Board's opinion, who meet the criteria for expertise, competence and independence.

The term of office of the members of the committees may not exceed the term of office of the members of the Supervisory Board.

	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 28/37

At least half of the committees' members must be personally present at the meetings for the committee to have a quorum and for the recommendations to be valid.

Committees are authorized to seek professional advice from external experts with the approval of the Chairman of the Supervisory Board.

The members of the committees shall treat the information and data they receive during the performance of their tasks with the highest degree of confidentiality.

## **XXVI. CRITERIA AND RULES FOR APPOINTING MEMBERS OF THE MANAGEMENT BOARD, AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE AND OTHER BODIES OF THE BANK AND FOR APPOINTING OFFICERS WITH SPECIAL POWERS AND RESPONSIBILITIES**

### **MANAGEMENT BOARD**

Each member of the Bank's Management Board must hold the appropriate higher education degree and possess knowledge of regulations relating to banking or finances, be familiar the principles of good corporate governance, have sufficient experience that will ensure safe and stable bank management, and have at least six years of successful work experience in the field of banking or finances or three years of work experience as an officer with special powers and responsibilities in a bank with activities equivalent to the activities of the bank in which he/she is appointed.

The members of the Management Board must have established a permanent employment relationship with the Bank, and at least one of the members must know the Macedonian language and the Cyrillic alphabet, and have a permanent residence in the Republic of North Macedonia.

A member of the Management Board may not be:

- a member of the Council of the National Bank;
- an employee of the National Bank;
- a person who has been imposed a misdemeanor sanction or has been banned from performing his/her profession, business, or office duty;
- a person of such reputation that could jeopardize the safety and stability of the bank;
- a person who fails to comply with the provisions of the Law on Banks and the regulations related thereto, and fails to implement and/or has failed to act or has acted contrary to the measures established by the Governor, thereby jeopardizing the safety and stability of the bank;
- a member of a supervisory board, risk management committee, audit committee, or management board of another bank, or an employee of another bank registered in the Republic of North Macedonia;

- a person who has served as an officer with special powers and responsibilities in a bank or another legal entity that has undergone administrative receivership, bankruptcy or liquidation proceedings, unless it is undoubtedly determined, based on the available documents and information, that the person had not contributed to the creation of conditions for commencement of administrative receivership, bankruptcy or liquidation proceedings, or had served his/her duty immediately prior to, or immediately after the occurrence of the reasons for commencement of administrative receivership, bankruptcy or liquidation proceedings.

A person of poor reputation shall also be considered a person who has been sentenced with a final court verdict to unconditional imprisonment of more than six months, as long as the legal consequences of the verdict remain in force.

A member of the management board of a bank shall be considered to have poor reputation even if he has an associate in relation to whom the circumstances from the previous paragraph exist.

A member of a bank's management board may at the same time be a member of up to two supervisory bodies, i.e. a non-executive member of the board of directors in up to two non-banking financial institutions or non-financial institutions. A member of the management board of a bank may not be a person who is a manager, member of the board of directors or an executive member of the board of directors of any domestic or foreign company.

The member of the Management Board shall:

- possess honesty, good reputation, professionalism, ability for organizational work, ability for independent assessment and decision-making and strong personal integrity;
- understand his role in corporate governance and effectively fulfill his managing role in the Bank;
- be familiar with the risk profile of the Bank;
- be familiar with the regulatory environment and ensure the establishment and maintenance of professional relations with the NBRNM and other competent supervisory and regulatory bodies;
- show loyalty and due care for the Bank;
- express the will and ability to adhere to the highest standards of ethical behavior;
- perform the function conscientiously, independently and impartially;
- exercise due care regarding the reputation and successful operation of the Bank and avoid conflict of interest or possible conflict of interest.

The Bank's Supervisory Board shall, in accordance with the legal regulations, enter into separate management agreements with each member of the Bank's Management Boards, specifying the tasks, obligations, rights, remuneration, and the amount of the personal insurance premium, the compensation in case of termination of the management contract through no fault of the Management Board member, the profit participation, etc.

 <b>УНИБанка</b> Универзална Инвестициона Банка	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 30/37

The Management Board members shall be granted, for their service, the right to participate in the profits, that is, a share in the Bank's annual profits.

The members of the Management Board are granted a reward for their work based on the achieved operational results for the previous year, in an amount determined by the Supervisory Board.

When determining the total remuneration of the members of the Management Board (salary, reward, insurance compensation, etc.), the total income shall be consistent with his/her tasks and personal contribution to the success of the Bank's operations.

The management agreement of a member of the Management Board may be terminated:

- in case of a serious breach, committed during his/her service, of the existing regulations applicable to the operations of the Bank, the Articles, and the other acts;
- in case of legal obstacles to his/her office;
- at the request of the member of the Management Board;
- at the discretion of the Supervisory Board through no fault of the Management Board member and without stating the reasons thereof, in which case the member shall be entitled to compensation in the amount specified in the management agreement.

The Management Board also advocates for the Bank's transparency in each segment. At the same time, this is an incentive for UNIBank to be a promoter of a completely new approach to customers, investors and interested parties.

Therefore, in its Annual Management Report, UNIBank presents data on the remuneration policy of the Bank's Management Board, which refer to at least the following elements: existence of variable and fixed remuneration, including granting of annual bonuses, the basic criteria for the payment of the remuneration, the amount of the remunerations of the members of the Supervisory Board, the Management Board and other persons with special powers and responsibilities who hold an executive position in the Bank, as well as the amount of approved loans and other types of exposures and obligations undertaken in relation to this persons.

## **RISK MANAGEMENT COMMITTEE**

The members of the Risk Management Committee shall be appointed and dismissed by the Bank's Supervisory Board.

The members of the Risk Management Committee must:

- hold an appropriate higher education degree;
- possess knowledge of the regulations in the field of banking or finances;
- have experience in the field of finance or banking of at least 3 years;
- have adequate experience that ensures reliable and stable management of the Bank;
- be familiar with the operations of the bank, its products and services and have knowledge of the risks to which the Bank is exposed;

 <b>УНИ Банка</b> <small>Универсална Инвестициона Банка</small>	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 31/37

- possess the ability for independent assessment, honesty and strong personal integrity;
- be willing to put the interests of the Bank before their own interests and avoid conflict of interests.

### **AUDIT COMMITTEE**

The majority of members of the Audit Committee are elected from among the members of the Supervisory Board, and the rest of the members are independent members. At least one of the members of the Audit Committee must be a certified auditor.

In addition to the requirements that officers with special powers and responsibilities must meet, the members of the Audit Committee should also be familiar with:

- the operations of the Bank, its products and services;
- the risks to which the Bank is exposed;
- the Bank's internal control systems and risk management policies and
- accounting and auditing.

### **OTHER OFFICERS WITH SPECIAL POWERS AND RESPONSIBILITIES**

Other officers with special rights and responsibilities are considered the managers in the Bank, who are designated as officers with special powers and responsibilities according to the Bank's Articles of Association. The members of the Supervisory Board, the Risk Management Committee, the Audit Committee and the Management Board are not considered as other officers with special powers and responsibilities.

The officers with special powers and responsibilities who hold a managerial position in the Bank shall within their competences define and distribute the duties and responsibilities of the employees and constantly supervise their performance.

The rights, competences and responsibilities of the other officers with special powers and responsibilities are regulated in the Systematization of Work Positions Act of the Bank.

The other officers with special powers and responsibilities shall possess the expertise and ability to manage the activities in their competence and effectively monitor the work of the employees who are directly reporting to them.

Other officers with special powers and responsibilities in the Bank are: Chief Compliance Officer, Chief Risk Officer, Head and Deputy Head of the Payment Systems Department, Head of Internal Audit Service, Head and Deputy Head of the Treasury Department, Head and Deputy Head of the Information Technology Department, Head and Deputy Head of the Branch Network Department, Head and Deputy Head of the Credit Administration Department, Head and Deputy Head of the Corporate Banking Department, Head and Deputy Head of the Retail Banking Department, Head and Deputy Head of the Payment Cards Operations Department, Head of Non-Banking Operations Service, Head of the Finance and Accounting Department, Head and Deputy Head of the Non-performing Loans Management Department, Head of Marketing and Advertising Department, Head and Deputy Head of the Human Resources Department, Head of Legal Affairs Department,

 <b>УНИ Банка</b> Универзална Инвестициона Банка	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 32/37

Head of Regulatory Compliance and Money Laundering and Terrorism Financing Prevention Service, Head and Deputy Head of the Risk Management Department, Head of the Loan Center Department, Head and Deputy Head of the Strategic Clients Department, and Head of the Security Department.

In its internal acts and regulations such as the Policy on the method of election, monitoring of performance and dismissal of members of the Supervisory Board, Risk Management Committee, Audit Committee and Management Board, as well as the Policy on the method of election, monitoring of performance and dismissal of the other officers with special powers and responsibilities, the Bank regulates the election criteria and rules in more detail.

## **XXVII. THE ROLE, SIGNIFICANCE AND SCOPE OF WORK OF THE INTERNAL AUDIT SERVICE, THE EXTERNAL AUDITOR AND THE REGULATORY COMPLIANCE SERVICE**

### **INTERNAL AUDIT SERVICE**

The Bank's Supervisory Board shall establish an Internal Audit Service as an independent organizational unit of the Bank. The Supervisory Board shall appoint, monitor the performance of and dismiss the Head of the Internal Audit Service. The employees of the Internal Audit Service shall perform only the duties of the Service and at least one of them must have a certified auditor's authorization i.e. license.

In its work, the Internal Audit Service is guided by the following principles:

- continuity in performing the function;
- independence in performing the function;
- professional competence;
- internal audit policies and procedures;
- objectivity;
- scope of activities;
- internal procedures for the assessment of the required level of capital according to the Bank's risk profile.

The Service shall perform continuous and complete control of the regulatory compliance, regularity and promptness of the Bank's operations by:

- monitoring the implementation of the Bank's internal procedures and policies and the Code of Ethics;
- assessing the general efficiency of the Bank's operations and regulatory compliance;
- assessing the adequacy and efficiency of the internal control systems;
- assessing the implementation of the risk management policies;
- assessing the information system setup;
- assessing the accuracy and reliability and timeliness of reporting in accordance with the regulations;
- assessing the systems for prevention of money laundering;



	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 33/37

- assessing the services that the Bank receives from companies providing supporting services to the Bank;
- assessing the accuracy and reliability of accounting books and financial statements.

The Internal Audit Service shall act in a preventive and instructive manner, and perform its activities independently and autonomously.

The Internal Audit Service shall notify the Bank's Supervisory Board of the conducted controls and of any risks relating to the Bank's financial position.

The Internal Audit Service is obliged to prepare an Annual Work Plan to be approved by the Supervisory Board. The Supervisory Board shall submit the Annual Report on the operations of the Internal Audit Service to the National Bank of North Macedonia.

The Internal Audit Service shall prepare semi-annual and annual reports for its operations and submit them to the Supervisory Board, the Management Boards and the Audit Committee of the Bank.

Internal control in the Bank is carried out on a regular basis.

The persons employed in the Internal Audit Service shall have the right to unhindered access to all data and documents of the Bank regardless of the manner and place of storage and the degree of their confidentiality, as well as to all information systems and a right to enter all business premises regardless of the manner in which they are secured.

The control acts preventively in order to prevent irregularities in the operation, and to detect and indicate the procedures for further actions in a timely manner.

Organizational parts in the Bank, as well as the responsibility and criteria for appointing the head of the Internal Audit Service are regulated by the Supervisory Board.

## **EXTERNAL AUDIT**

The audit company, which audits the financial statements and operations of the Bank, is selected, appointed and dismissed by the Shareholders' Assembly on the proposal of the Supervisory Board and the Audit Committee.

The external audit of the Bank's financial statements and trading books is conducted in accordance with the International Accounting Standards, the Code of Ethics for Professional Accountants adopted by the International Federation of Accountants and other regulations that govern the performance of external audits.

 <b>УНИБанка</b> <small>Универсална Инвестициона Банка</small>	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 34/37

The independence of the selected audit company is essential for the implementation of an in-depth and impartial audit, whereby the existence of bias and non-objectivity is not allowed.

The auditor shall immediately inform the Chairman of the Supervisory Board of any reasons, which potentially create a basis for exclusion or bias, of which he becomes aware during the audit, unless they have been removed.

Before the proposal for the appointment of an audit company is submitted to the Shareholder's Assembly and before the Assembly appoint the auditor, the auditor must submit a written statement that will confirm the fact that there are no reasons for his exclusion provided for in the Law on Banks.

The external auditor will in particular analyze the functioning of the internal control and internal audit systems, the maintenance of the commercial books, the adequacy of the accounting policies and procedures in the Bank, the valuation of the balance and off-balance assets and liabilities, the risk management systems, and the reliability of the information system, whereby all employees of the Bank, the members of the Management and Supervisory Board, and especially the Internal Audit Service will make every effort to cooperate.

The Bank's Internal Audit Service shall cooperate with the external auditor by exchanging information on matters of common interest, opinions on audit techniques, work methods, interpretation of terminology, and by making available the reports resulting from the performance of internal audits, etc.

In addition to preparing a Report on the performed external audit, the internal auditor shall submit a Letter of the audit company to the Supervisory and Management Board of the Bank, stating the weaknesses they found during the audit.

The report on the performed external audit of the Bank prepared by the Audit Company, together with the notes to the report, the Annual Accounts with the financial statements, will be published by the Bank in at least one printed media and on the website of UNIBank within 10 days from the day of adoption of the report by the Assembly of Shareholders of UNIBank.

	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 35/37

## **RISK MANAGEMENT**

The Management Board of the Bank shall establish an organizational unit (department) responsible for implementing and/or coordinating the activities and processes related to the risk management system, in accordance with the National Bank's regulations on risk management. The department is independent from other persons and organizational units in the Bank, especially from those who take risks and has access to all organizational units whose operations may expose the Bank to material risks. The Management Board of the Bank provides sufficient resources for the execution of the responsibilities of the Directorate for Risk Management, which includes regular training of its employees.

The officer responsible for risk management in the Bank is the Chief Risk Officer.

## **REGULATORY COMPLIANCE DEPARTMENT**

The Management Board of the Bank shall establish a Regulatory Compliance Department.

The officer responsible for regulatory compliance control in the Bank is the Chief Compliance Officer.

The department is responsible for identifying and monitoring the risks of non-compliance of the Bank's operations with the regulations. The risk of regulatory non-compliance shall include especially the risk of imposed measures by the National Bank, of financial losses and reputational risk as a result of omissions in harmonizing the Bank's operations with the regulations.

The employees of the department shall be independent in the performance of the tasks within their competence.

The Management Board of the Bank shall prepare, and the Supervisory Board shall approve and supervise the implementation of the written Policy on constant and efficient control of the Bank's regulatory compliance, through which it will ensure the position of the Department and ensure access to all information necessary to perform its work, as well as establish a mechanism of uninterrupted cooperation with the Department and the persons who are obliged to cooperate with the Department.

In order to properly perform the obligations stipulated by this Code and the adopted policy, the employees of the Regulatory Compliance Department of the Bank shall:

- be always familiar with the regulations that apply the Bank's operations;
- identify the risks that the Bank will face due to the Bank's non-compliance with the legal regulations;
- promptly notify the Management Board of the type of amendments and the consequences that the Bank may face due to non-compliance;
- advise the Management Board regarding the amendments in the legal regulations;

 <b>УНИ Банка</b> <small>Универсална Инвестициона Банка</small>	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 36/37

- inform and conduct training for the Bank's employees for the purpose of harmonizing their work with the changes in the regulations;
- monitor the compliance of the Bank's operations with the regulations, evaluate the compliance of the Bank's new products and the Bank's business regulations with the legal regulations;
- meet other obligations stipulated by law or other regulations.

The employees of the Bank shall allow the employees of the Department to inspect the documentation at their disposal and provide them with all the necessary information.

The Department shall submit a monthly report on its activities to the Management Board and a semi-annual report to the Supervisory Board.

## **XXVIII. SUSTAINABILITY AND ISSUES OF PUBLIC INTEREST**

The Bank will prepare internal acts related to its responsibility for the environment and social issues, as well as policies and procedures that enable the company to identify material factors and their impact on the company's activities. These policies will be reviewed at least once a year by the Supervisory and Management Board, and will be published on the company's website.

The Supervisory and Management Board take into account relevant environmental issues and issues of social interest in designing performance measures and incentives.

## **XXIX. STATEMENT ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE**

The Supervisory Board ensures that a separate part of the Bank's Management Report will contain a statement from the members of the Management Board on the application of the Corporate Governance Code.

The statement on the application of the Corporate Governance Code shall be filled out by the members of the Management Board and is an integral part of the Bank's Management Report. The statement shall include:

- 1) an information about the place where the Bank's Corporate Governance Code is publicly available;
- 2) notice of the application of the corporate governance principles by the Bank, and especially those that are not expressly prescribed by law;
- 3) deviations from the rules prescribed in the Bank's Corporate Governance Code, as well as a rationale for the deviations.

	<b>CORPORATE GOVERNANCE CODE</b>	Date: Jan 30, 2023
		Version: 17
		Page: 37/37

### **XXX. FINAL PROVISIONS**

The Corporate Governance Code shall enter into force on the day of its adoption by the Supervisory Board.

Guided by the interests of shareholders, customers, business partners and all interested parties, the Bank will constantly monitor and control the compliance of its activities with the provisions of this Code.

The Bank will update, amend and supplement the provisions of this Code in accordance with the changes to the Macedonian legislation, the Bank's Articles and the standards of good corporate governance that are common in the international business practice.

Information about the implemented system of good corporate governance in UNIBank is available on the website of UNIBank: [www.unibank.com/mk](http://www.unibank.com/mk).