



POLICY OF MEMBERSHIP DIVERSITY OF THE BOARD OF DIRECTORS

Union Bank sh.a.

POLICY of MEMBERSHIP DIVERSITY of the BOARD of DIRECTORS

The Board of Directors (the “Board” or “BoD”) of Union Bank (the “Bank” or “UB”) believes in the benefits diversity brings and is committed to identifying the people best qualified and available to serve on the Board and Board Committees. This Board Membership Diversity Policy (the “Diversity Policy”) sets out the main principles and approach that guides the Board of Directors to establish and maintain a diverse composition of its members. This Diversity Policy shall be implemented as a general guidelines rather than strict ruling to be followed for the Board composition and eventually that of Board Committees.

Article 1.

Legal Base.

The Diversity Policy is issued pursuant to articles 2.2.e, 3.2 and 3.3 of UB’s Board Charter and the Bank of Albania regulation on core principles for the management of banks and branches of foreign banks, and the criteria for approval of respective directors.

Article 2.

Purpose and Scope.

- 2.1. This Diversity policy is intended to provide a framework for inclusion to promote diversity in the Board.
- 2.2. The Diversity Policy applies to the Board and its Committees. It does not apply to diversity in relation to executives and employees of the Bank.

Article 3.

Diversity Policy Statement.

- 3.1. The Bank recognises the benefits of having a diverse Board and considers increasing diversity at Board level as an important element in maintaining a competitive advantage. A diverse Board includes and makes good use of differences in the skills, in particular those skills identified as relevant to the business of the Bank, including, but not limited to, financial services (incorporating retail, corporate and other non-financial non-banking experience), strategy development, finance, accounting, risk management, business experience, economics, corporate finance, human resources, customer relations, credit and IT skills, regulatory and industry experience, academic and professional background, gender, age, length of service and other relevant qualities of directors. These differences are considered in determining the optimum composition of the Board

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and when possible should be balanced. These differences do not constitute by default a disqualifying criteria or a reason for tenure interruption of a Board member.

- 3.2. The Remuneration and Human Resources Committee of the Bank (“the Committee”, or “R-HR Committee”), supported by Corporate Secretary, reviews and assesses diversity of Board and Board Committees composition at least once a year and before appointment of new Directors.
- 3.3. In reviewing Board / Committees composition, the R-HR Committee will consider the benefits of all aspects of diversity including, but not limited to, those described in item 3.1 above, in order to maintain, to the extent possible, an appropriate range and balance of skills, experience and background on the Board / Committees. The Board’s goal is to maintain 1/3 female / male representation, whichever the lowest, on the Board.
- 3.4. In reviewing and assessing Board / Committees composition, the R-HR Committee will consider legal / regulatory criteria and Bank’s needs in line with the mid-term strategic targets, and advise the Board on the needed attributes for the Board composition.
- 3.5. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

Article 4.

Monitoring and Reporting.

The Committee will report annually, in the Corporate Governance Report, on the Board’s / Committees’ composition under diversified perspectives, and monitor the implementation of this Diversity Policy.

Article 5.

Reviewing the Diversity Policy.

The Committee will review this Diversity Policy as appropriate, or at minimum once a year, to ensure the effectiveness of this Diversity Policy. The Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

Article 6.

Disclosure of the Diversity Policy.

- 6.1. This Diversity Policy will be published on the Bank’s website for public information.
- 6.2. A summary of this Diversity Policy together with the assessment of composition, objectives set for implementing this Diversity Policy, and the progress made towards achieving those objectives will be disclosed in the annual Corporate Governance Report.