

REMUNERATION POLICY

м. Kyiv 2025

Letter from Director General

Dear employees,

A fair and efficient remuneration system is one of the key areas of development of our Company. Transparency in the process of determining and calculating remuneration, ensuring that each employee receives fair remuneration in accordance with their performance and the Company's performance are not just formal requirements, but the main principles that guide us. We strive to create an incentive system that promotes productivity and long-term loyalty of our employees.

Our remuneration policy is aimed at gradually ensuring competitive remuneration that meets market standards for the selected market benchmarks and contributes to the strategic development of the Company. We strive to build an efficient and sustainable business where every employee is fairly compensated for their contribution.

Igor SMELYANSKY,
Director General
Ukrposhta JSC

CONTENTS

I.	INTRODUCTION.....	4
II.	KEY GOALS, PRINCIPLES, OBJECTIVES AND COMPONENTS.....	5
III.	PARTICIPANTS IN THE PROCESS, THEIR ROLES, CONTROL AND RESPONSIBILITY	7
IV.	RULES FOR MONITORING POLICY IMPLEMENTATION.....	9

I. INTRODUCTION

1. The Remuneration Policy of JSC "Ukrposhta" (hereinafter referred to as the Policy) is an internal regulatory document of JSC "Ukrposhta" (hereinafter referred to as the Company).
2. The Policy has been developed in accordance with the requirements of the current legislation of Ukraine to implement a remuneration system in the Company that provides the business with a motivated human workforce in the required amount and with the required level of knowledge and skills to ensure the continuous and efficient operation of the Company in accordance with the defined strategic goals.
3. The Policy shall be determined and implemented taking into account the size, specifics of the Company's activities, nature of services, the Company's risk profile and its systemic importance, compliance with the Company's development strategy, implementation of the Company's business plan and budget.
4. In order to implement the norms set out in this Policy, measures and procedures to ensure the functioning of the remuneration system, types and amount of remuneration of the Company's employees shall be regulated with the necessary degree of detail in the relevant internal regulations on the payment of incentives to the Company's employees.
5. In case of inconsistency of any part of this Policy with the current legislation of Ukraine, including in connection with amendments and additions to legislative and regulatory acts, adoption of new legislative and regulatory acts, the Company's managers and employees shall be guided by this Policy to the extent that it does not contradict the current legislation.
6. The Policy is mandatory for all managers and employees of the Company.

COMPANY MISSION

To provide high-quality, simple and affordable services, blurring the boundaries between people, countries, cities and villages. By changing ourselves, we change the country for the better.

COMPANY VISION

To build a company that simplifies the life of every customer and contributes to the success of business, employees and shareholders. A company that makes Ukraine proud.

CORPORATE VALUES

- ✓ **Success is cool.** Each of us is responsible for success: our own, our teams, the Company and our countries. And this is what inspires us to achieve new victories.
- ✓ **Change is a necessity.** We recognise the importance of innovation and are ready to constantly evolve to meet the times and needs of our customers.
- ✓ **Being honest is easy.** For us, theft and corruption at all levels are unacceptable. We value the trust of our colleagues, clients and partners and do everything we can to justify it.
- ✓ **Simplicity is our choice.** We want to be simple in communication, products and services. That's why we remove the unnecessary, leaving only what the client needs.

- ✓ **We are the team.** There are many of us, we are different, but in all our actions we focus on a common goal, respect each other, support and motivate by example.

II. KEY GOALS, PRINCIPLES, OBJECTIVES AND COMPONENTS

1. The purpose of the Policy is to ensure a fair, transparent and competitive approach to employee remuneration, including certain criteria for making decisions on remuneration, bonuses, compensation packages (if any) and other forms of material and non-material incentives. The Company's remuneration system provides the business with a motivated human workforce in the required quantity and with the required level of knowledge and skills to ensure the Company's continuous and efficient operation in accordance with the defined strategic goals.
2. The Company establishes a competitive remuneration system in relation to selected market benchmarks in order to attract and retain employees.
3. **The main objectives of the remuneration system are:**
 - motivating and focusing employees' efforts on achieving their individual and team goals at every level, maintaining the motivating effect in the long term;
 - Optimisation of the employee remuneration system;
 - Increasing the manageability and flexibility of the remuneration system;
 - attracting and retaining staff with the optimum level of qualifications;
 - Increasing the sense of social security among employees;
 - support and stimulate employee engagement.
4. **Principles underlying the remuneration system**

The Company's remuneration policy is based on principles that ensure efficiency, transparency and motivation of employees, as well as support the overall goals and strategy of the organisation. The main principles underlying the remuneration system include:

 - *Fairness* - remuneration should be fair and adequate, in accordance with the qualifications of employees, the level of responsibility and the complexity of the tasks performed. The variable bonus part of remuneration should be determined on the basis of factors over which the employee has a direct influence. This ensures that employees receive remuneration that is commensurate with their contributions and efforts.
 - *Competitiveness* - remuneration should be competitive in the labour market to attract and retain talented employees. This allows the Company to be an attractive employer and ensures long-term stability.
 - *Transparency* - the process of setting and calculating remuneration should be clear and understandable to employees. They should understand how their remuneration is determined, including base pay, bonuses, allowances and surcharges, as well as the criteria for reviewing them.
 - *Compliance with the Company's strategic goals* - the remuneration system should be aligned with the Company's long-term goals and strategy, contributing to the achievement of corporate objectives and supporting overall development.

The application of these principles allows us to create an effective remuneration system that contributes to the development of the company, maintains employee motivation and achieves high results.
5. **Tools for achieving certain objectives and principles**
 - Adaptation to changes - distribution of the remuneration fund in accordance with the current strategic goals, selected development priorities of the Company, as well as in accordance with the general economic situation in the country and legislation in the field of labour relations;

- Monitoring the regional labour market allows us to organise remuneration based on supply and demand for certain specialities and groups of personnel, taking into account their specifics;
- monitoring the state of the labour market by areas of activity and specialities - allows the Company to attract and retain personnel with the optimal level of qualifications;
- Assessment and structuring of employee positions within the Company depending on their importance and impact on the business result and achievement of strategic goals;
- combining remuneration with other types of incentives, including career assessment and planning, training and development opportunities.

6. COMPONENTS OF THE REMUNERATION SYSTEM

6.1. The Company's remuneration system includes the following components:

1) **fixed remuneration**, which includes the basic salary.

The basic salary is set in the form of a base salary in accordance with the terms of an employment agreement or contract.

The amount of salaries depends on the complexity of the work performed, professional and business qualities of the employee and other criteria stipulated by the Collective Bargaining Agreement and other regulatory documents of the Company, and is set by the DIRECTOR GENERAL of the Company upon hiring. The exception is the salaries of employees who are subordinated to the Supervisory Board, for whom the amount of the salary is set by the Supervisory Board and may not be reduced, except in cases provided for by applicable law.

Salaries may be revised upwards depending on the professional and business qualities of employees and the intensity of work. The decision to increase the salary of an employee of the Company is taken by the DIRECTOR GENERAL or the Supervisory Board (for positions subordinated to the Supervisory Board).

2) **variable remuneration**, which includes additional salary and other incentive and compensation payments (allowances, surcharges, bonuses, incentive and compensation payments provided for by the applicable laws and regulations of the Company).

3) **payment of severance pay by the Company in the event of dismissal**

Employees of the Company may be granted additional labour and social benefits not provided for by the legislation of Ukraine. The amount and terms of payment of which are approved by the Collective Agreement of the Company.

6.2. The Company shall endeavour to ensure that the amount of fixed remuneration is sufficient to enable the Company to exercise its right not to pay variable remuneration if the conditions necessary for the payment of such variable remuneration are not met.

6.3. The amount of remuneration of the Company's employees also depends on their qualifications, general and work experience, intensity of work in their positions, importance and complexity of their functions, and must be fair.

6.4. The decision to establish, pay, defer, increase, decrease/cancellation/refund of the variable part of remuneration shall be made in accordance with the requirements of the law, this Policy, internal regulatory documents of the Company, taking into account the risks taken by the Company and the results of such acceptance, financial performance of the Company, compliance with capital requirements, and liquidity level.

6.5. Salary deductions may be made in cases provided for by applicable law.

6.6. Information on salaries is confidential and is provided to the relevant authorities and individuals only in cases provided for by law.

6.7. Labour disputes on remuneration are considered and resolved in accordance with the current legislation of Ukraine.

- 6.8. The procedure, coefficients and conditions for calculating variable remuneration for employees are determined by the Company's internal processes, rules and/or regulations approved by the Director General and must comply with the requirements of this Policy.

7. PROCESS PARTICIPANTS, THEIR ROLES, CONTROL AND RESPONSIBILITY

1. The management and collegial governing bodies of JSC "Ukrposhta", including the Supervisory Board, the Director General and line managers at all levels of management, are responsible for compliance with the documents duly approved by the Company regulating the remuneration rules and must be developed in compliance with the law and this Policy, for promoting the integration of the Policy principles in all relevant aspects of the Company's activities.

✓ **The Supervisory Board shall:**

- keep the Remuneration Policy of Ukrposhta up to date;
- to review, evaluate and control the implementation of this Remuneration Policy on an annual basis;
- ensure that competent and independent decisions on remuneration are made;
- make decisions on methods of responding to situations of violation of this Policy;
- approve any exceptions to the Policy (for example, situations in which exceptions to the Policy are possible), if this does not contradict the law;
- consider issues raised by the Nomination and Remuneration Committee.

✓ **The Nomination and Remuneration Committee of the Supervisory Board of the Company shall:**

- analyse statistics and nature of complaints from employees regarding violations of the principles of this Policy and initiate necessary adjustments to the remuneration system;
- monitor the Company's management's compliance with the principles of transparency, fairness and efficiency of the remuneration system;
- provide recommendations for improving approaches and practices in the area of employee compensation and incentives;
- to serve as the highest authority for reviewing conflict situations that have not been resolved through internal grievance procedures;
- participate in the review of cases of possible violations of the Remuneration Policy if they relate to the Company's top management;
- submit the necessary issues related to the remuneration policy to the Supervisory Board members for consideration.

✓ **The Director General is responsible for:**

- implementation and compliance with the provisions of the Remuneration Policy in the Company;
- informing employees about the remuneration system, ensuring that they understand the mechanisms of bonuses and other incentive payments;
- monitoring the effectiveness of the remuneration system and reporting on its results to the Supervisory Board upon request, including assessing the risks associated with possible bias or inefficient allocation of funds;

- developing a risk assessment system in the remuneration area to identify and mitigate possible risks in compensation;
- identifying potential exceptions to the Remuneration Policy and approving them with the Nomination and Remuneration Committee;
- establishing a rapid response mechanism to ensure timely and fair payments to employees;
- implementation of measures to support employee well-being, including additional social packages, compensation payments and incentive programmes;
- establish and maintain a comprehensive Performance Measurement and Management Procedure detailing regularity, format, and required processes;
- ensure senior managers are trained on the performance management system;
- conduct regular, documented performance reviews and provide honest, constructive feedback.

✓ **Managers at all levels of management** are responsible for:

- compliance with the documents duly approved by the Company that regulate the remuneration rules and are developed in compliance with the law and this Policy;
- providing proposals for optimising and improving the bonus programmes for subordinate employees;
- informing subordinate employees and controlling employees' awareness of the Company's documents governing remuneration rules;
- discuss and agree on performance criteria with employees up to N-1 and N-2 level at the start of each review period;
- provide regular, transparent feedback and formally document performance reviews monthly or quarterly;
- implement development plans for underperforming employees to help them meet role expectations.

✓ **Employees at all levels** are responsible for and have the right to:

- receive information about the documents duly approved by the Company that regulate the rules of remuneration of their labour;
- participate in information programmes related to the remuneration system, its mechanisms and principles;
- report any issues that they believe may be related to violations of the Remuneration Policy by themselves or other employees through the established risk reporting channels;
- familiarize themselves with the Performance Management Procedure and adhere to the expectations of their roles;
- maintain a development plan in alignment with company goals and regularly update their manager on progress.

Persons who believe that they have witnessed or participated in any form of violation of the principles of the Policy are encouraged to immediately report violations of the principles of this policy to the email address of the General Director of JSC Ukrposhta and compliance@ukrposhta.ua

No dismissal or coercion to dismiss, disciplinary action or other negative measures (transfer, change of working conditions, refusal to appoint to a higher position, reduction of salary, etc.)

shall be applied in connection with the notification by an employee of the Company of a violation of the requirements of this Policy.

All complaints and appeals will be promptly reviewed, taking into account the rights of all parties involved, necessary and impartial investigations will be carried out, and all necessary measures will be taken to eliminate violations.

8. RULES FOR MONITORING POLICY IMPLEMENTATION

The following indicators should be reported to the Nomination and Remuneration Committee as a tool for monitoring the implementation of the Policy.

On an annual basis:

- a report on the quality and transparency of the remuneration process, including the results of the assessment of efficiency, transparency and compliance with the Policy criteria.
- assessment of the scope and categories of reported risks and incidents related to remuneration, as well as the types of decisions taken to address them.
- recommendations from employees to improve the Remuneration Policy or other aspects related to remuneration and motivation.

As soon as it becomes known:

- any external or publicly reported cases of violation of the Remuneration Policy.
- cases of violations of the Remuneration Policy or suspicions of such violations related to the Company's senior management.
- complaints or risk reports where the established procedures have failed to resolve the issue and the employee insists on bringing the matter to the Supervisory Board.