



**ProCredit**  
H O L D I N G

# **INTERNAL RULES OF PROCEDURE FOR THE SUPERVISORY BOARD**

of ProCredit Holding AG, Frankfurt am Main



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On 7 September 2023, with effect from 27 September 2023, the Supervisory Board of the Company approved its

Internal Rules of Procedure

as follows:

Article 1 General Provisions

- (1) The Supervisory Board advises and monitors the Management Board in its management of the Company. The Supervisory Board also oversees the Management Board with regard to its adherence to the applicable prudential supervisory requirements, devoting sufficient time to the discussion of strategies, risks and remuneration systems for Management members and employees.
- (2) The Supervisory Board carries out its activities in accordance with the applicable laws, the Articles of Association and these Internal Rules of Procedure. Its members all have the same rights and obligations, to the extent that the law, the Articles of Association or these Internal Rules of Procedure do not stipulate otherwise. They are not bound by instructions.
- (3) In carrying out its tasks, the Supervisory Board works together closely with the Management Board on a basis of trust and cooperation for the good of the Company.
- (4) The Supervisory Board shall review the efficiency of its activities, those of its committees, and those of the Management at regular intervals, at least once a year.

Article 2 Chair

- (1) The Chair of the Supervisory Board shall maintain regular contact with the Management Board, consulting with it on issues of strategy, planning, business development, risk situation, risk management and compliance of the Company and the group.

- (2) If he/she is informed by the Management Board of important events that are of material significance for the assessment of the situation and development of the Company and the group, as well as for the management of the Company and the group, he/she shall then inform the Supervisory Board members and, if necessary, convene an extraordinary meeting of the Supervisory Board.

Article 3      Calling of Meetings

- (1) As a rule, the meetings of the Supervisory Board are convened at least 14 days in advance, stipulating the form of the meeting in writing, by e-mail, fax or other commonly used means of telecommunication. The day on which the invitation is sent and the day on which the meeting is held are not counted as part of the period of notice. In urgent cases, the Chair can shorten this period of notice to a reasonable extent.
- (2) The notification that a meeting has been called should be accompanied by notification of the topics on its agenda, indicating those topics for which a resolution is to be voted on. Any preparatory documents should be sent to the Supervisory Board members as far in advance of the meeting as possible. If an item on the agenda is not announced in a due and proper manner, a resolution regarding this item may be put to the vote only if no Supervisory Board member objects. In such cases, absent Supervisory Board members are to be given the opportunity to either object to the vote on the resolution in question, or to submit their votes in writing, by fax, e-mail or other commonly used means of telecommunication within an appropriate period of time, which is to be set by the Chair. The resolution will only take effect if the absent Supervisory Board members have not submitted an objection to the resolution within the established period of time, or have approved the resolution.
- (3) No special invitation is required for the founding meeting of the Supervisory Board (Article 9 (1) of the Articles of Association and Article 10 (4) of these Internal Rules of Procedure). For resolutions to be adopted at this meeting regarding the election of the Chair of the Supervisory Board and his/her deputy, and for the establishment of committees and the appointment of their members, it is not necessary to provide notification of the agenda or to provide a list of the items upon which a vote is to be taken.
- (4) The members of the Management Board shall attend the meetings of the Supervisory Board, unless otherwise instructed by the Chair of the Supervisory Board. The Supervisory Board also meets regularly without the Management Board.

Article 4      Manner in Which Meetings Are to Be Conducted, Adoption of Resolutions

- (1) As a rule, resolutions of the Supervisory Board are adopted at meetings. The adoption of resolutions may also take place orally, by telephone, in writing, via fax, via e-mail or via other commonly used means of telecommunication if the Chair of the Supervisory Board so stipulates. An objection to the procedure stipulated by the Chair for the adoption of resolutions will be considered only if it is brought by at least two of the members of the Supervisory Board.
- (2) Absent Supervisory Board members can participate in the adoption of resolutions by the Supervisory Board by providing their votes to other Supervisory Board members, or to other individuals who are authorised to take part in the meeting in accordance with section 109 (3) of the German Stock Corporation Act [*Aktiengesetz (AktG)*] in conjunction with Article 13 (5) of the Articles of Association, in writing for submission during the meeting. In addition, absent Supervisory Board members can submit their votes either during the meeting or thereafter, within an appropriate period of time to be stipulated by the Chair of the meeting, orally, by telephone, in writing, via fax, e-mail or via other commonly used means of telecommunication. The other Supervisory Board members are not entitled to raise objections to the manner in which voting is to be conducted.
- (3) Minutes are to be taken at the meetings of the Supervisory Board, detailing all resolutions adopted, and such minutes shall be signed by the Chair of the Supervisory Board. The minutes must be conveyed to all members of the Supervisory Board without delay.
- (4) The Chair of the Supervisory Board may invite to attend the meeting an individual who shall be responsible for taking the minutes. The Supervisory Board members may decide, via a simple majority, to invite technical experts, in particular auditors, lawyers and/or tax advisers, to attend meetings of the Supervisory Board.
- (5) Reappointment of a Management Board member shall not be resolved until one year before the end of the current appointment period at the earliest. When appointing the Management Board, the Supervisory Board shall also respect diversity. The age limit for members of the Management Board shall be 70 years. Together with the Management Board, the Supervisory Board shall ensure that there is long-term succession planning.

Article 5      Transactions of the Management Board Requiring Approval

- (1) Apart from transactions for which approval is required by law or by the Articles of Association, the following measures undertaken by the Management Board shall also require the approval of the Supervisory Board:
  - a. Acquisition and sale of land, mortgaging of land and other immovable assets, as well as construction, modification and furnishing of buildings, if the value of the individual transaction exceeds 1% of the own funds of ProCredit Holding AG at group level;
  - b. Purchase, dissolution, acquisition or sale of equity participations in other companies as well as incorporation, dissolution, acquisition or sale of other companies;
  - c. Conclusion, modification and termination of affiliation agreements and contracts in accordance with the German Transformation Act [*Umwandlungsgesetz (UmwG)*], company acquisitions and resolutions on such measures with regard to investment companies;
  - d. Receipt or issue of bonds or loans not included in the annual budget of ProCredit Holding AG, if an individual loan amount exceeds 10% of the own funds of ProCredit Holding AG at group level;
  - e. Granting of sureties and guarantees and extension of loans outside of the bounds of the usual course of business, where the amount in question exceeds 1% of the own funds of ProCredit Holding AG at group level;
  - f. Transactions outside of the bounds of the usual course of business which are carried out between ProCredit Holding AG and (i) shareholders or (ii) members of the Management Board or Supervisory Board or senior management staff of the Company or companies within the group;
  - g. Concluding, modifying or terminating a dividend policy or proposals for profit allocation relating to the retained earnings of ProCredit Holding AG.
- (2) The Supervisory Board has the authority to expand or reduce the range of transactions requiring approval.

Article 6      Obligation to Discuss Management Board Documents

The Supervisory Board shall discuss the business and risk strategy, which integrate impact orientation of the group as defined in Article 2 (1) of the Articles of Association, as well as the annual budget (including financing plans) with the Management Board.

Article 7      Obligation to Maintain Confidentiality

- (1) The Supervisory Board members shall maintain secrecy about confidential information and Company secrets, especially operational and business secrets, which become known to them through their activities on the Supervisory Board. This applies, in particular, to confidential reports and consultations. This obligation shall continue to apply to members even after they have left office. Upon termination of their membership of the Supervisory Board, departing members are to return all confidential documents to the Chair of the Supervisory Board.
- (2) Every Supervisory Board member may provide information which has become known to him/her in his/her capacity as a member of the Supervisory Board to third parties only with the prior approval of the Supervisory Board Chair, unless the information in question clearly is not subject to confidentiality as defined by (1) above. This does not apply to the forwarding of information to consultants who, for their part, are obliged to maintain confidentiality. Every Supervisory Board member must ensure that any employees with whom he/she may consult is likewise obliged to maintain confidentiality.

Article 8      Personal Requirements for Members of the Supervisory Board

- (1) When determining the composition of the Supervisory Board or the selection, appointment, reappointment and succession planning of its members, section 25 d of the German Banking Act [*Kreditwesengesetz (KWG)*] and other applicable legal provisions shall be observed. The members of the Supervisory Board must, in particular, be reliable and must possess the necessary specialist knowledge required to perform their control function properly and to assess and monitor the business operations conducted by the Company, and they must devote sufficient time to the performance of their duties; they must as a whole be familiar with the sector in which the Company operates. At least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member of the Supervisory Board must have expertise in the field of auditing.

- (2) The members of the Supervisory Board shall immediately disclose to the Supervisory Board existing memberships of management or supervisory bodies of companies outside the ProCredit group as well as the assumption or termination of such memberships.
- (3) Persons may not be elected to the Supervisory Board who are already supervisory board members of four other undertakings, or are management board members of an undertaking and also supervisory board members of two other undertakings, unless a higher number of mandates is permitted by the German Federal Financial Supervisory Authority [*BaFin*]. Several management board or supervisory board mandates shall be considered to be one mandate if carried out at undertakings: which belong to the same group of institutions, financial holding group or mixed financial holding group; which are members of the same institutional protection scheme; or in which the institution has a significant holding. Mandates at undertakings which provide public services shall not be included in the maximum number of mandates permissible pursuant to the first sentence.
- (4) The Supervisory Board may not include more than two former members of the Management Board of the Company or of the Management Board of the former General Partner. A member of the Management Board of the Company or the former General Partner may not be elected to the Supervisory Board until two years after the end of his or her appointment, unless the election is based on a proposal by shareholders holding more than 25% of the voting rights in the Company. In the latter case, appointment to the Chair of the Supervisory Board shall be an exception requiring justification to the General Meeting.
- (5) The Supervisory Board shall include what it considers to be an adequate number of independent members from the group of shareholder representatives, thereby taking into account the shareholder structure. In this regard, a Supervisory Board member is considered independent if he/she is independent from the Company and its Management Board, and independent from any controlling shareholder.
- (6) More than half of the shareholder representatives, including the Chair of the Supervisory Board, shall be independent of the Company and its Management Board. In this regard, Supervisory Board members are to be considered independent from the Company and its Management Board if they have no personal or business relationship with the Company or its Management Board that may cause a substantial – and not merely temporary – conflict of interest.
- (7) Recommendations concerning the election of Supervisory Board members shall take into account the objectives established by the Supervisory Board with regard to its

composition, as well as other requirements defined by the Supervisory Board for recommendations to the General Meeting concerning the election of new Supervisory Board members. The recommendations shall aim to fulfill the overall profile of required skills and expertise of the Supervisory Board.

- (8) Elections to the Supervisory Board shall be made on an individual basis. An application for the judicial appointment of a Supervisory Board member shall be limited in time up to the next General Meeting. Proposed candidates for Chair of the Supervisory Board shall be announced to the shareholders.
- (9) The members of the Supervisory Board shall, on their own responsibility, participate in training measures necessary for the performance of their duties. In this regard and upon their appointment, they will receive appropriate support from the Company. Any such measures shall be disclosed to the General Meeting in the report of the Supervisory Board.
- (10) A review is to be carried out at regular intervals, but at least once a year, to determine the extent to which the members of the Supervisory Board meet the above criteria and the extent to which the composition of the Supervisory Board is still in line with the diversity guidelines and the competence profile.

#### Article 9      Conflicts of Interest

- (1) All members of the Supervisory Board are committed to act in the Company's best interests. They must not pursue personal interests in their decisions or take advantage of business opportunities to which the Company is entitled.
- (2) Every Supervisory Board member shall disclose conflicts of interest to the Chair of the Supervisory Board without undue delay, in particular those which result from an advisory function to, or service as a member of a corporate body of, customers, suppliers, lenders or other business partners. Material conflicts of interest on the part of a Supervisory Board member that are not merely temporary shall lead to the termination of his/her mandate. Supervisory Board members shall not be members of governing bodies of, or exercise advisory functions at, and shall not hold any personal relationships with, a significant competitor of the Company or of the group.
- (3) The Supervisory Board shall inform the General Meeting in its report of any conflicts of interest which have emerged, and the measures taken to address them.



Article 10     Committees

- (1) The Supervisory Board may form committees, with the members of such committees drawn from among the members of the Supervisory Board. It shall establish the Risk Committee, the Audit Committee, the Nomination Committee and the Remuneration Control Committee as standing committees.
- (2) The members of the committees, both individually and collectively, must have the knowledge, skills, and experience necessary to perform their respective committee duties.
- (3) Each committee shall consist of at least three members and shall appoint as Chair one of its members who is able to facilitate unbiased decision-making. The members of the committees are elected by a simple majority of the votes cast. Their period of office shall be equal to their period of office as members of the Supervisory Board, unless a shorter period of office is determined at the time of the election. At least one member of each committee shall be a member of another committee.
- (4) Committees of the Supervisory Board are formed at the founding Supervisory Board Meeting, if so required by mandatory legal regulations, the Articles of Association or these Internal Rules of Procedure. Furthermore, formation of committees at a subsequent point in time is not ruled out. If a committee member leaves a committee, an election to replace the departing individual must be held without delay, in accordance with Article 3 (3).
- (5) The committees shall be deemed to have a quorum if at least three members participate in the adoption of the resolution.
- (6) Unless the Articles of Association, these Internal Rules of Procedure or the internal rules of procedure of a committee contain provisions applying specifically to that committee, the provisions of the Articles of Association regarding the Supervisory Board and these Internal Rules of Procedure shall apply analogously to the Supervisory Board committees, subject to any applicable legal regulations. References to the Chair of the Supervisory Board shall be read as references to the Chair of the committee.
- (7) The chairs of the respective committees shall report regularly to the Supervisory Board on the work of their committees.

Article 11 Risk Committee

- (1) The members of the Risk Committee shall individually and collectively possess sufficient knowledge, skills and experience in the field of risk management and control procedures. The Chair of the Risk Committee should not be the Chair of the Supervisory Board or any other committee at the same time
- (2) The Risk Committee shall perform the functions set out in the Internal Rules of Procedure for the Risk Committee.

Article 12 Audit Committee

- (1) At least one member of the Audit Committee shall have accounting expertise (i.e. special knowledge and experience in the application of accounting principles and internal control and risk management systems) and at least one other member shall have auditing expertise (i.e. special knowledge and experience in the field of auditing). Accounting and auditing also include sustainability reporting and the auditing thereof. The Chair of the Audit Committee must have expertise in the fields of accounting and auditing. However, he/she shall not be the Chair of the Supervisory Board at the same time. The Chair shall remain independent of the Company and its Management Board and independent of any controlling shareholder.
- (2) The members of the Audit Committee as a whole must be familiar with the sector in which the Company operates.
- (3) The Audit Committee shall perform the functions set out in the Internal Rules of Procedure for the Audit Committee.

Article 13 Remuneration Control Committee

- (1) One member of the Remuneration Control Committee must have sufficient expertise and professional experience in risk management and risk control, in particular with regard to mechanisms for aligning remuneration systems with the overall risk appetite and strategy and with the capital adequacy of the Company. The Chair shall remain independent of the Company and its Management Board.
- (2) The Remuneration Control Committee shall perform the functions set forth in the Rules of Procedure for the Remuneration Control Committee.

Article 14     Nominations Committee

- (1)     The Nominations Committee shall be chaired by the Chair of the Supervisory Board.
- (2)     The members of the Nomination Committee shall have a sufficient level of collective knowledge, skills and experience in relation to the Company's business interests to be able to assess the appropriate composition of the Supervisory Board and the Management Board, including the recommendation of candidates to fill vacancies on the Supervisory Board and the Management Board respectively. To this end, the members must have sufficient knowledge, skills and experience, individually and collectively, concerning the selection procedure and the eligibility requirements.
- (3)     The Nomination Committee shall perform the functions set out in the Internal Rules of Procedure for the Nomination Committee.



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