

Employee Incentives Committee

Banco Macro S.A.



Employee Incentives Committee

Rules & Regulations

Title: **Employee Incentives Committee Rules and Regulations**

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I. PURPOSE

The Employee Incentives Committee is in charge of monitoring that the employee economic incentive system is consistent with the culture, goals, long-term business, strategy and control environment of the entity and the prudent assumption of risks.

The incentive system, in line with the Corporate Governance and Risk Management practices must tend to reduce incentives towards the excessive assumption of risks. In this sense, the Committee may request the collaboration of the Risk Management Committee in order to supplement the assessment of the effects of the incentive policy on risk management.

Pursuant to the guidelines contained in the Consolidated Text of the Standards for Corporate Governance in Financial Entities issued by the Central Bank of the Republic of Argentina, the Committee shall consider the following good practices when proposing the Employee Incentive Policy. The good practices as well must be complied within the framework of the statutory provisions in force.

- Perform an annual review of the incentive system.
 - If there are any economic incentives for employees having financial control and risk control functions, the definition of incentives must be separated from the business areas such employees supervise and appropriate for their role within the organization. Performance measures of such employees shall take into account mainly the achievement of the goals allocated to their functions.
 - The incentive system shall take into account the risks the employees assume on behalf of the entity, considering both the future risks and those already assumed, and adjust the incentives for all the risks, including those that are hard to measure, such as the liquidity and reputational risks and the capital cost, using the Committee its criterion for risk adjustment.
 - Ensure the incentives policy is not contrary to the entity's credit risk strategy, preventing such policy from weakening credit processes.
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- The Bank considers it is a good practice for the incentive system not to allocate the same amount to officers or business units generating similar profit in the short run but having different risk levels.
- Additionally, if the system links the funds allocated to the payment of incentives to the general income obtained by the entity, it shall not limit the policy regarding capital maintenance and strengthening. In this case the funds allocated must take into account the following:
 - real and potential risks;
 - the cost and the capital amount required to face the risk assumed;
 - the cost and the liquidity risk amount to carry out the business; and
 - consistency with the opportunity and probability of potential future income to be incorporated into real earnings.
- In the event incentives are related to the individual contribution and of each business unit to the entity's performance regarding income, such incentives should be reduced when the income of the entity, of the division or of the business unit decrease, up to being eventually eliminated when there are losses.

II. COMPOSITON

The Committee shall be composed of 3 Directors and at least one of them must be an independent director and shall serve as Chairman. The Committee shall as well have the following members: the head of the Integral Risk Management Department and of Human Resources; or the persons any of the above mentioned officers shall designate, which designations must be duly recorded and evidenced through the relevant minutes of the Committee.

In addition, any officer of the Bank may be invited to participate if necessary to carry out the duties of the Committee.

The quorum shall be the presence of at least two Directors and the decisions shall be taken by simple majority. In case of tie, the Chairman shall have the deciding vote.

III. RESPONSIBILITIES AND FUNCTIONS

The Employee Incentives Committee shall have the following responsibilities:

- Propose the Board for approval the Employee Incentive Policy that shall be consistent with the Entity's culture, goals, long-term business plans and control environment.
- In the assessment scheme and the incentives defined shall be aligned with the risk measures and the risks assumed, and shall be consistent with the proposed goals.
- Keep the Board updated on the operation and results of the incentive system in order to ensure the system operation based on the defined goals.
- Suggest the Board any changes or adjustments to the Policy which may be necessary pursuant to the revisions made.
- Coordinate the independent annual review of the incentive system, keeping such evaluation available to the Superintendence of Financial and Exchange Entities.

IV. MEETINGS

The Employee Incentives Committee shall meet at least twice a year, being able to meet more frequently if its members decide so.

Meetings shall be called by the Committee's Coordinating member.

Minutes of the meetings shall be kept in accordance with the procedure in force under "Notice of Committee Meetings and Administration of Minutes".