
REMUNERATION POLICY

September 2024

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Recipients:

- Board of Directors
- Reception & Transmission Department
- Accounting Department
- Back Office Department
- Internal Auditor
- Compliance & AMLCO
- Alternate AMLCO
- Risk Manager

Company Name	Emporium Capital K.A. Ltd
Date and place of incorporation	03/08/2017, Cyprus
Registration number	HE372471
Type of Company	Cyprus Investment Firm
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Table of Contents

1. INTRODUCTION	4
2. SCOPE AND APPLICABILITY	6
3. POLICY REVIEW, APPROVAL AND DISCLOSURES	8
4. GOVERNANCE	8
4.1. BOARD OF DIRECTORS	9
4.2 THRESHOLD CRITERIA OF 'SIGNIFICANT CIF'	10
4.3. REMUNERATION COMMITTEE	11
4.4. IDENTIFIED STAFF	12
5. REMUNERATION PRINCIPLES	13
5.1. GENERAL REMUNERATION PRINCIPLES	13
5.2. FIXED REMUNERATION	17
5.3. VARIABLE REMUNERATION	17
6. PERFORMANCE APPRAISAL	24
7. CONFLICT OF INTEREST	25
8. REMUNERATION DATA COLLECTION EXERCISES	26
9. REMUNERATION REPORTING	26
10. REMUNERATION OF THE BOARD OF DIRECTORS	28

1. INTRODUCTION

The Remuneration Policy ('the Policy') of **Emporium Capital K.A. Ltd** (hereinafter, the "Company"), forms an integral part of the Company's corporate governance and it has been developed taking into consideration the Company's objectives, its business and risk strategy, its corporate culture and values, as well as the long-term interests of the Company. The purpose of this Policy is to set out the remuneration policies and practices of the Company. The Policy aims to ensure that the compensation given to staff is sufficient to retain and attract individuals with appropriate skills and experience, which can help the Company achieve its goals, whilst discouraging behaviour that leads to excessive risk-taking. The Policy also aims to promote an appropriate code of conduct while servicing its clients. Accordingly, the operating standards and mechanisms which have been adopted ensure that the level of reward provided to employees is directly linked to the desired behaviour and results set by the Board of Directors ('BoD' or the 'Board') as well as the Company's documented policies and procedures.

The Policy is in accordance with the provisions of the following legislation, circulars and guidelines:

- a) Directive (EU) 2013/36 access to the activity of credit institutions and the prudential supervision of credit institutions ("CRD"),
- b) Regulation (EU) 2019/2033 on the Prudential Requirements of Investment Firms ("IFR"),
- c) Directive (EU) 2019/2034 on the Prudential Supervision of Investment Firms ("IFD"),
- d) Commission Delegated Regulation (EU) 2017/565 in particular article 27,
- e) The Law on the provision of Investment Services, the exercise of Investment Activities, the operation of Regulated Markets and other related matters Law 87(I)/2017, as amended from time to time, (the "Law") in particular articles 24 and 25(10),
- f) The Law on the prudential supervision of investment firms Law 165(I)/2021, as amended from time to time, (the "Prudential Law") in particular articles 24-28,
- g) The Law on Capital Adequacy of Investment Firms Law 97(I)/2021, as amended from time to time, in particular articles 35-36 and 51-54,
- h) CySEC Circular C578 concerning the ESMA Guidelines on certain aspects of the MiFID II remuneration requirements ("Circular C578")
- i) CySEC Circular C576 concerning Adoption of the European Banking Authority ('the 'EBA') Guidelines ("Circular C576")
- j) CySEC Circular C507 concerning the EBA guidelines on sound remuneration policies under Directive (EU) 2019/2034 ("Circular C507"),

- k) CySEC Circular C031 concerning the guidelines on remuneration policies and practices (“Circular C031”),
- l) CySEC Circular C138 and C145 (i.e. Clarifications for Circular C138) concerning the remuneration policies and practices (“Circular C138”),
- m) CySEC Circular C168 on ESMA’s Q&A document relating to the provision of Contracts for Difference and other speculative products to retail investors under MIFID (“Circular C168”),
- n) CySEC Circular C487 on Redefining threshold criteria of ‘significant CIF’ (“Circular C487”),
- o) EBA/GL/2021/13 Final Report on Guidelines on sound remuneration policies Directive (EU) 2019/2034,
- p) EBA/GL/2022/07 Final Report on Guidelines on the benchmarking exercises on remuneration practices and the gender pay gap under Directive (EU) 2019/2034,
- q) EBA/RTS/2021/02 Draft Regulatory Technical Standards on criteria to identify categories of staff whose professional activities have a material impact on an investment firm's risk profile or assets it manages under Directive (EU) 2019/2034 (IFD) of the European Parliament and of the Council on the prudential supervision of investment firms,
- r) EBA Final Report on Guidelines on the data collection exercises regarding high earners under Directive 2013/36/EU and under Directive (EU) 2019/2034 (‘EBA/GL/2022/08’)
- s) EBA/GL/2019/04 on ICT and security risk management
- t) EBA/GL/2019/04 on ICT and security risk management
- u) EBA/GL/2021/14 on internal governance under IFD
- v) EBA/GL/2021/13 on Guidelines on sound remuneration policies under IFD
- w) EBA/RTS/2023/03 on the scope and methods of consolidation of an investment firm group under Article 7(5) of the IFR
- x) Commission Delegated Regulation (EU) No. 604/2014 of 4 March supplementing Directive 2013/36/EU of the European Parliament and of the Council with regards to the regulatory technical standard, with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institutions’ risk profile (‘Regulation (EU) No 604/2014)
- y) ESMA’s guidelines ESMA/2013/606 on remuneration policies and practices.
- z) ESMA guidelines in accordance with Article 16 of Regulation (EU) No 1093/2010 on gender neutral remuneration policies for investment firms

- aa) Regulatory Technical Standard on guidelines on sound remuneration policies under Directive 2013/36/EU
- bb) ESMA 35-43-3565 Guidelines on certain aspects of the MiFID II remuneration requirements, and
- cc) ESMA 35-36-794 Q&A Relating to the provision of CFDs and other speculative products to retail investors under MiFID.

2. SCOPE AND APPLICABILITY

Remuneration means all forms of payments or benefits provided directly or indirectly by the Company to Relevant Persons in the provision of investment and/or ancillary services to clients (hereinafter the “**Remuneration**”).

The Company’s Remuneration includes:

- a. financial Remuneration (i.e. cash, wage increases), and/or
- b. non-financial Remuneration (career progression, seminars/training)

Relevant Persons means the persons who can have a material impact on the service provided and/or corporate behavior of the firm.

The Policy is adopted by the Company’s Board of Directors and applies to all of the Company’s staff which are considered as Relevant Persons (hereinafter “**Relevant Persons**”) including and non-limited to the following employees:

- senior management, risk takers, staff engaged in control functions and any employee receiving total Remuneration that takes them into the same remuneration bracket as senior management, risk takers whose professional activities have a material impact and whose remuneration may create inappropriate incentives to act against the best interests of the Company’s clients;
- non-executive members of the Board of Directors, the Heads of the Departments (i.e. key management personnel), as well as other persons who oversee the client-facing front-office staff (if any) who may be incentivized to pressurize business development associates /customer support staff;
- specialist financial education providers (i.e. third party service providers of online training to clients), and in general outsourcing service providers (under section 4 of C138), where applicable and to its staff as well, when they are acting on behalf of the Company
- persons who are client-facing front-office staff, business development associates force staff, and/or other staff indirectly involved in the provision of investment and/or ancillary services whose remuneration may create inappropriate incentives to act against the best

interests of their clients. This includes persons who oversee the business development associates force (such as line managers) who may be incentivized to pressurize business development associates or financial analysts whose literature may be used by business development associates to induce clients to make investment decisions.

- persons involved in complaints handling, claims processing, client retention and in product design and development
- tied agents of the firm.

In accordance with the provisions of the Law 165(I)/2021, the Company's Remuneration Policy takes into account national criteria on wage setting and makes a clear distinction between criteria for setting basic fixed remuneration and variable remuneration. Specifically, the Company's remuneration system inevitably takes into account the highly competitive sector in which the Company operates. Thus, the Company considers remuneration as an important method of attracting and retaining key employees whose talent can contribute to the Company's long term success, whilst simultaneously ensuring that the clients' interests will not be impaired by the remuneration policies and practices adopted by the Company in the short, medium and long term.

Basic fixed remuneration primarily reflects relevant professional experience and organizational responsibilities as set out in an employee's job description and as part of the terms of employment of each employee. Variable remuneration reflects a risk adjusted performance as well as performance in excess of that required to fulfil an employee's job as bound by the terms of employment. It includes all forms of payment or benefits provided directly or indirectly by the Company to Relevant Persons. This policy covers total remuneration (i.e. basic fixed and variable) as well as benefits in kind.

The Policy aims to (i) provide for sufficient incentives so as for the Company's employees , to achieve the business targets, (ii) deliver an appropriate link between reward and performance whilst at the same time become a comprehensive, consistent and effective risk management tool that prevents excessive risk taking and/or undesirable practices in light of financial incentives schemes that may be implemented by the Company in future, which could lead to compliance risks for the Company in the long-run.

This Policy is designed in such a way aiming not to create incentives and enforce reasonable measures to prevent any incentives that may lead persons to favor their own interests, or the Company's interests, to the potential detriment of clients.

3. POLICY REVIEW, APPROVAL AND DISCLOSURES

This Policy is approved by the Company Board of Directors, after taking advice from the Company's Compliance Department, the Risk Manager, and implemented by appropriate functions to promote effective corporate governance.

The Policy should be reviewed periodically, or when deemed necessary to assure its full alignment with valid legislation and Company practice, by the senior management and/or Compliance Officer who shall brief the Board of Directors in this respect. In addition to the annual review of the Remuneration Policy document, the Firm shall also review it upon any significant amendment to its business activities or structure.

The Company retains proper documentation on the remuneration policy as well as the decision-making process and procedures that lead to its approval or amendment and shall be made available to the management body and senior management as well as other control functions involved in the design, monitoring and/or review of the remuneration policy and procedures. Senior management is responsible and retains the ultimate responsibility for the day to-day implementation of the remuneration policy and the monitoring of compliance risks related to the policy.

Moreover, the Senior Management keeps records containing information as regards the Remuneration of the Company's employees in a separated file/record (e.g. payroll data) at the Company's premises.

Furthermore, the Company shall ensure that it has appropriate and transparent reporting lines in place across the firm or group to assist in escalating issues involving risks of non-compliance with the Law, conflicts of interest and conduct of business requirements under the Law.

Without prejudice to the provisions of the Processing of Personal Data (Protection of Individuals) Law, the Company provides in its annual disclosures, information relevant to its Remuneration Policy, to the extent required under the "Disclosure and Market discipline obligations (Pillar 3 Disclosures)" as per the disclosure requirements set by the Directive.

The Disclosure and Market Discipline Report is posted on the Company's website, by the end of April of each financial year whilst there is also the possibility for the said report to be included in the Company's Financial Statements.

4. GOVERNANCE

The Company's Policy is in line with its business strategy, objectives, values and long-term interests and based on the applicable legislation, designed in such a way as not to create incentives that may lead Relevant Persons to favor Company's interest or/and their own interest and act against the best interest of the clients. It also incorporates measures to avoid and/or mitigate conflicts of interest situations (e.g. when Remuneration has a possible direct or indirect

negative impact on clients' best interests) and to promote code of conduct and investor protection requirements as well as serve clients' best interests.

Furthermore, the Policy considers the role performed by Relevant Persons, the type of products offered, and the methods of distribution as to prevent potential conduct of business and conflict of interest risks.

Moreover, the Policy is consistent with sound and effective risk management and intended to deter risk-taking beyond the Company's expressed risk appetite and risk tolerance levels. Further, staff engaged in control functions (Compliance Officer, Internal Auditor, Risk Manager, Money Laundering Compliance Officer) are only remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The Company ensures that the organizational measures it adopts regarding the launch of new products or services appropriately take into account the Policy and the risks that these products and/or services may pose. In particular, before launching a new product, the Company assesses whether the remuneration features related to the distribution of that product comply with the Company's Policy and therefore do not pose additional conduct of business, and conflicts of interest, risks.

The Compliance Function is involved a) in the design process of the Policy before it is applied to the Relevant Persons b) in the review process of the Policy and c) in the periodic assessment of the Policy. Moreover, it verifies that the Company complies with the conduct of business and conflicts of interest requirements under the Law and has access to all relevant documents.

The Company's Remuneration system inevitably takes into account the highly competitive sector in which the Company operates, and the considerable amount of resources the Company invests in each member of the staff. Thus, the Company considers Remuneration as a significant method of attracting and retaining key employees whose talent can contribute to the Company's short and long term success; whilst simultaneously ensuring that the clients' interests will not be impaired by the remuneration policies and practices adopted by the Company in the short, medium and long term.

In order to assess the level of compliance, the implementation of the policy is subject to periodic review by the Internal Auditor.

4.1. Board of Directors

The Board of Directors, in its capacity as the ultimate supervisory body of the Company, is responsible for the following with regards to remuneration:

- Review the Company's remuneration practices and policy;
- Oversee the policies, practices and processes relating to remuneration and the compliance with the Policy;
- Determine and oversee the remuneration of members of Management;

- Determine and oversee remuneration of the employees employed in Control Functions ensuring that the senior officers in the Risk Management and Compliance functions are remunerated adequately to attract qualified and experienced personnel and that their remuneration is linked to the achievement of the objectives, linked to their functions, independent of the performance of the business areas they control.
- Ensure that the Policy is up to date;
- Assess the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks and liquidity and capital levels;
- Ensure that the Policy is consistent with, and promotes, sound and effective risk culture and values, as well as its long-term interests;
- Assess the achievement of performance targets and the need for risk adjustment, including the application of malus and claw back arrangements.
- Approving the Policy after taking advice from the Compliance Function, and ensuring that it is implemented by appropriate functions to promote good corporate governance practices;
- Ensuring that the Policy and practices are appropriately implemented and aligned with the Company's overall corporate governance framework, corporate culture, risk appetite and the related governance processes;
- Ensuring that the Company's Policy and practices are aligned with the Conflict of Interest Policy in order to safeguard Clients' interests and that appropriate controls are implemented;
- Approving the design of, and determining targets for, any performance related variable remunerations operated by the Company for the employees having a material impact on the Company's risk profile;
- Approving the design of all incentive plans including the overall amount of such awards the individual awards to Company's Employees and the performance targets to be used;
- Ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- Approving any major changes in employee benefit structures;
- Review the appointment of external remuneration consultants that the Company with the advice of the Company's Compliance Department may decide to engage for advice or support.

4.2 Threshold criteria of 'Significant CIF'

According to C487, a CIF shall be considered as a 'significant CIF' for the purposes of the Investment Services Law where its on and off-balance sheet assets are on average greater than EUR 100 million over the four-year period immediately preceding the given financial year.

The Company assesses on an annually basis its average on and off balance sheet items, taking into consideration the four-year period immediately preceding the given financial year in order to determine whether it meets the threshold conditions to be considered as 'significant CIF'.

As per the Circular C498, a CIF that after the above assessment has on and off-balance sheet assets on average greater than €100 million over the four-year period immediately preceding the given financial year, must make arrangements and have in place sound, effective and comprehensive strategies, processes and systems to achieve compliance with additional regulatory requirements. The requirements include a limitation to the combination of directorships held at the same time and the establishment of a Nomination, Risk and Remuneration Committee.

Further to the above, the Company does not meet the definition of '*significant CIF*' since, after proceeding with all necessary assessments, its average on and off-balance sheet items during the four preceding years were below the threshold of €100m.

Therefore, the Company is not required to comply with the additional regulatory requirements. However, the Company is committed to monitoring the limits above and ensures that if the threshold conditions are met the appropriate requirements mentioned in the Circular shall be implemented if needed.

4.3. Remuneration Committee

According to section 27 of the Prudential Law, CIFs that do not meet the criteria set out in point (a) of section 26(8) of the Prudential Law, should establish a remuneration committee, subject to the provisions of this section. The Company, taking into account its size, internal organization and the nature, the scope and the complexity of its activities, as well as the fact that it does not meet the definition of '*significant CIF*' considered that it is not necessary to have a Remuneration Committee in place. However, the Company understands that this matter shall be subject to the Board's review and the Board undertakes measures/steps to ensure that the Company complies with the relevant legal and regulatory requirements in relation to the matter of remuneration subject to the provisions of the Law 165(I)/2021 conditioning the establishment of a gender balanced committee when the definition of significant CIF is met.

The Board undertakes that in case any of the regulations and/or requirements governing its authorization and licensing requirements require so to appoint a Remuneration Committee subject to the relevant requirements. The Remuneration Committee's responsibilities shall include the preparation of decisions regarding remuneration, including decisions which have implications for the risk and risk management of the Company, and which are taken by the management body. When taking these decisions, the long-term interest of the public and the shareholders, investors and stakeholders of the investment firm itself must be taken into consideration. In accordance with the Article 27 of the Law 165(I)/2021, the members of the remuneration committee shall be members of the management body who do not perform any executive function in the investment firm.

4.4. Identified Staff

As per the provisions of the EBA/RTS/2021/02, please note that there are some specific qualitative and quantitative criteria for an employee to be defined as identified staff (material risk taker). See below the relevant criteria applicable to the firm as per the provisions of the Articles 3 and 4 of the said RTS:

No.	Qualitative Criteria
1.	The staff member is a member of the management body in its management function (executive directors)
2.	The staff member is a member of the management body in its supervisory function (non-executive directors)
3.	The staff member is a member of the senior management (heads of departments)
4.	The staff member has managerial responsibilities for the activities of a control Function
5.	The staff member has managerial responsibilities for the prevention of money laundering and terrorist financing
6.	The staff member is responsible for managing a material risk
7.	The staff member responsible to manage the following activities: <ul style="list-style-type: none">• economic analysis• information technology• information security• outsourcing arrangements of critical or important functions
8.	The staff member meets either of the following criteria with regard to decisions for approving or vetoing the introduction of new products: <ul style="list-style-type: none">• the staff member has authority to take such decisions; and• the staff member is a voting member of a committee which has authority to take such decisions
No.	Quantitative Criteria
1.	The staff member has been awarded a total remuneration which is equal to or greater than EUR 500 000 in or for the preceding financial year
2.	The staff member was in or for the preceding financial year awarded total remuneration that is equal to or greater than the lowest total remuneration awarded in that financial year to a member of staff who meets one or more of the qualitative criteria.

The Company is taking into account the above criteria to determine which employees falls under the definition of Material Risk Takers.

In light of the above criteria set by EBA, the following types of employees may be defined as material risk takers or employees in control functions and whose remuneration will be subject to stricter conditions:

- (i) Employees dealing in and approving financial instruments;

- (ii) Employees who monitor compliance with risk taking limits;
- (iii) Management body and Senior Management members
- (iv) Staff who have Managerial responsibility for material business units, control and other functions for managing or mitigating material risks in areas impacting the Company's K-Factors
- (v) Individual's whose total remuneration exceeds EUR 500k and/or is greater than the average remuneration of members of the management body and senior management
- (vi) Where a Company employs over 1000 staff members, the individual which is within the 0.3% of staff awarded the highest total remuneration
- (vii) Other employees with a material impact on the Company's risk profile are also subject to the stricter remuneration conditions.

Employees in control functions, including Compliance, Finance and Risk Management are eligible for performance-based pay, however such pay must be approved by the Board of Directors on a case to case basis and must be related to achievement related to the function of the relevant employee.

Further to the above, the Company's Board of Directors must ensure that employees engaged in Control Functions:

- a. are independent from the business units they oversee;
- b. have appropriate authority; and are remunerated:
 - i. adequately to attract qualified and experienced staff; and
 - ii. in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The Policy is designed to manage the conflicts of interest which might arise if other business areas had undue influence over the Remuneration of employees within Control Functions. Moreover, the need to avoid undue influence is particularly important where employees from the Control Functions are embedded in other business areas.

5. REMUNERATION PRINCIPLES

5.1. General Remuneration Principles

The remuneration mechanisms employed by the Company are well known management and human resources tools that take into account the employee's skills, experience and performance, whilst supporting at the same time the long-term business objectives.

One of the key factors considered is an appropriate link between performance-based variable remuneration whilst ensuring base salary levels are not set at artificially low levels.

The Company's remuneration system takes into account the highly competitive sector in which the Company operates, and the considerable amount of resources the Company invests in each employee, while at the same time aiming to prevent potential conduct of business and conflict of interest risks from adversely affecting the interests of the Company's Clients and to ensure that the Company adequately manages any related residual risk.

As a rule, in setting variable remuneration models both quantitative and qualitative criteria shall be introduced as to encourage the employees to act in the best interests of the Clients.

The Company must ensure that employees engaged in control functions are independent from the business units they oversee, have appropriate authority and are remunerated adequately to attract qualified and experienced employees; and in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The Company must ensure that its remuneration system is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company.

Assessments of financial performance used to calculate fixed or variable remuneration are based on profits as well as the compliance of the receiving employee with the qualitative criteria set by the Company from time to time. The Company also ensures that its total remuneration system is in line with the business strategy, objectives, values and long-term interests of the Company. Where the Company makes a loss, it is generally expected that no variable remuneration shall be awarded.

The total fixed and/or variable remuneration shall not limit the Company's ability to strengthen its capital ratio percentages, and accumulated profits year over year. This Remuneration Policy underlines the link between the Company's variable remuneration costs and the need to manage its capital including forward-looking capital planning measures.

Where the Company needs to strengthen its capital ratio percentages, its variable remuneration arrangements should be sufficiently flexible to allow it to direct the necessary resources towards capital control and building.

The total remuneration of personnel consists of fixed and in certain cases of variable components. Fixed and variable components are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

It is fully understood that for the purposes of this Policy term "Employee(s)" shall pertain the Company's employee(s) as well as the Company's various outsourced suppliers and their employees.

The Company will ensure that where any existing rights of the Employees under the applicable employment laws, conflict with the terms of this Policy to the detriment of the Employee, corrective measures will be taken which will ensure protection of the Employee and simultaneous compliance with the terms of this Policy.

The Firm has taken into account CySEC's Circular C578 and ESMA's Guidelines on certain aspects of the MiFID II remuneration requirements.

In accordance with Article 27(4) of the MiFID II Delegated Regulation, the Company considers qualitative and quantitative criteria that encourages the Relevant Persons to act in the best interests of the client.

The Company aims with the quantitative criteria set through its remuneration policies and practices to ensure a) compliance with regulatory requirements such as conduct of business rules and b) that adequate internal procedures are in place for the fair treatment of clients and client satisfaction.

Regarding quantitative criteria, the Company takes into account the criteria that do not create conflicts of interests or incentives that may lead Relevant Persons to favour their own interests or their firm's interests to the potential detriment of any client. The weights attributed to the criteria used to determine the remuneration do not render some of the criteria, especially qualitative ones, insignificant or do not give others too much significance.

Further to the above, when designing remuneration policies and practices in accordance with the requirements under Article 27 of the MiFID II Delegated Regulation, the Company considers all relevant factors in order to prevent potential conduct of business and conflict of interest risks from adversely affecting the interests of their clients and ensures that it adequately manages any related residual risk.

Regarding variable remuneration, the Firm didn't set any performance target that may incentivise the Relevant Persons to adopt behaviours focused on short-term gains when those might create a conflict of interest or impair clients' interests and possible conflicts of interests or risks of impairing clients' interests are accounted for.

Moreover, the Company, maintains measures enabling it to effectively identify where the Relevant Person fails to act in the best interests of the client and to take remedial action.

In order to avoid conflicts of interests the remuneration of control functions' staff is based on function-specific objectives and variable part of the remuneration of staff in control functions, if any, is not linked to quantitative commercial performance of Relevant Persons whose remuneration they are in charge of designing and/or controlling.

The Company ensures that the structure of the remuneration of members of the management body and of the senior management of the firm does not create conflicts of interest or incentives

that may lead members of the management body to favour their own interests or the firm's interests to the potential detriment of any client.

Controlling Risk related to Remuneration Policies and Practices

In accordance with Articles 9(3) of MiFID II and Article 27(3) of the MiFID II Delegated Regulation, the firm should set up adequate controls to assess compliance with their remuneration policies and practices and to ensure that these deliver the intended outcomes. The Company has adopted this approach assesses these controls by monitoring the quality of the service provided to the client by using the information such as sales patterns to identify areas of increased risk and to support a risk-based approach to sales monitoring, with particular focus on high performing Relevant Persons (regarding sales for instance).

The Company documents these results clearly and reports them to senior management together with proposals for corrective action, if necessary. The Company is committed to taking appropriate actions to manage potential conduct of business or conflicts of interest risks where client detriment may arise and shall increase its internal controls and procedures to mitigate these risks if deemed necessary.

During outsourcing agreements/arrangements, the Company ensures that the clients' best interest is preserved and all necessary steps are taking before entering into contractual arrangements with third parties.

The Company when establishing and applying the total remuneration policies, inclusive of salaries and discretionary pension benefits, for categories of staff including senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on their risk profile, must comply with the following principles in a manner and to the extent that is appropriate to their size, internal organization and the nature, scope and complexity of their activities:

- 1) the Remuneration Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company;
- 2) The Remuneration Policy follows the principles of gender-neutrality;
- 3) The Remuneration Policy is in line with the business strategy, objectives, values, and long-term interests of the Company, and incorporates measures to avoid conflicts of interest;
- 4) The Company's BoD adopts and periodically reviews the general principles of the Remuneration Policy and is responsible for overseeing its implementation;
- 5) The implementation of the Remuneration Policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the BoD;
- 6) Staff engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of

the objectives linked to their functions, independent of the performance of the business areas they control;

- 7) The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee or, if such a committee has not been established, by the BoD;
- 8) The Remuneration Policy, taking into account national criteria on wage setting, makes a clear distinction between criteria for setting:
 - Basic fixed remuneration, which should primarily reflect relevant professional experience and organizational responsibility as set out in an employee's job description as part of the terms of employment; and
 - Variable remuneration which should reflect a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment.

5.2. Fixed Remuneration

Fixed Remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, professional experience, accountability, competence and responsibility needed for an employee to perform each position/role. The Policy is also set in comparison with standard market practices employed by the other market participants/competitors.

The Company's fixed Remuneration is approved by the Senior Management for all the relevant employees and it is reviewed by the Company at least annually and according to the relevant legislation without affecting the other terms of employment. The review of fixed Remuneration must be supported by the results of the annual evaluation of each staff member. The amount of fixed remuneration is defined in the employment agreement of each employee and it is independent of any sales / front line targets. It should be noted that the quantitative targets and bonus scheme paid to staff are maintained as separate documents.

Benefits that may be provided to the Company' Relevant Persons, such as private health insurance, are not employee performance-related and are considered part of the fixed Remuneration.

5.3. Variable Remuneration

For variable elements of remuneration, the following principles shall apply in addition to, and under the same conditions as, those set out in sub-section (5.1):

- 1) Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the Company and when assessing individual performance, financial and non-financial criteria are taken into account;

- 2) The assessment of the performance is set in a multi-year framework in order to ensure that the assessment process is based on long-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the Company and its business risks;
- 3) The total variable remuneration does not limit the ability of the Company to strengthen its capital base;
- 4) Guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and shall not be a part of prospective remuneration plans;
- 5) Guaranteed variable remuneration is exceptional, occurs only when hiring new staff and where the Company has a sound and strong capital base and is limited to the first year of employment;
- 6) Fixed and variable components of total remuneration are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
- 7) The Company taking into consideration the Section 24(2) of the Prudential Law decide to set the maximum variable to fixed remuneration ratio at 200% for each individual, as approved by the shareholder(s) of the Company.

Any approval of a higher ratio in accordance with point (g)(ii) must be carried out in accordance with the following procedure:

- 1) The shareholders must act upon a detailed recommendation by the Company giving the reasons for, and the scope of, an approval sought, including the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base;
- 2) Shareholders must act by a majority of at least 66 % provided that at least 50 % of the shares or equivalent ownership rights are represented or, failing that, must act by a majority of 75 % of the ownership rights represented;
- 3) The Company must notify all its shareholders, providing a reasonable notice period in advance, that an approval under the first subparagraph of this point will be sought;
- 4) The Company must, without delay, inform Cyprus Securities and Exchange Commission ("CySEC") of the recommendation to its shareholders, including the proposed higher maximum ratio and the reasons therefore and must be able to demonstrate to the CySEC that the proposed higher ratio does not conflict with the Company's obligations under the Directive and IFR, having regard in particular to the Company's own funds obligations;
- 5) The Company must, without delay, inform the CySEC of the decisions taken by its shareholders, including any approved higher maximum ratio pursuant to point (g)(ii), and the CySEC must use the information received to benchmark the practices of CIFs in that regard. The CySEC shall provide EBA with that information and EBA shall publish it on an aggregate home Member State basis in a common reporting format;
- 6) Staff who are directly concerned by the higher maximum levels of variable remuneration referred to in point (g)(ii) of this paragraph must not, where applicable, be allowed to exercise, directly or indirectly, any voting rights they may have as shareholders;

- 7) The Company may apply the discount rate to a maximum of 25% of total variable remuneration provided it is paid in instruments that are deferred for a period of not less than five years.
- 8) Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct;
- 9) Remuneration packages relating to compensation or buy out from contracts in previous employment must align with the long-term interests of the Company including retention, deferral, performance, and claw back arrangements;
- 10) The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes an adjustment for all types of current and future risks and takes into account the cost of the capital and the liquidity required;
- 11) The allocation of the variable remuneration components within the Company must also take into account all types of current and future risks;
- 12) A substantial portion, and in any event at least 50% of any variable remuneration must consist of a balance of the following:
 - Shares or equivalent ownership interests, subject to the legal structure of the Company or share-linked instruments or equivalent non-cash instruments, in the case of a non-listed CIF;
 - where possible, other instruments within the meaning of Article 52 or 63 of Regulation (EU) No 575/2013 or other instruments which can be fully converted to Common Equity Tier 1 instruments or written down, that in each case adequately reflect the credit quality of the Company as a going concern and are appropriate to be used for the purposes of variable remuneration.
 - The instruments referred to in this point must be subject to an appropriate retention policy designed to align incentives with the longer-term interests of the Company. This point must be applied to both the portion of the variable remuneration component deferred in accordance with point (m) and the portion of the variable remuneration component not deferred;
- 13) A substantial portion, and in any event at least 40% of the variable remuneration component is deferred over a period which is not less than three to five years and is correctly aligned with the nature of the business, its risks, and the activities of the member of staff in question. Remuneration payable under deferral arrangements shall vest no faster than on a pro-rata basis. In the case of a variable remuneration component of a particularly high amount, at least 60% of the amount shall be deferred. The length of the deferral period shall be established in accordance with the business cycle, the nature of the business, its risks, and the activities of the member of staff in question;
- 14) The variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Company as a whole, and justified on the basis of the performance of the Company, the business unit and the individual concerned. Without prejudice to the general principles of national contract and labour law, the total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Company occurs, taking into account both current remuneration and reductions in payouts of amounts previously earned,

including through malus or clawback arrangements. Up to 100% of the total variable remuneration shall be subject to malus or clawback arrangements. The Company must set specific criteria for the application of malus and clawback. Such criteria shall in particular cover situations where the staff member:

- Participated in or was responsible for conduct which resulted in significant losses to the CIF;
 - Failed to meet appropriate standards of fitness and propriety;
- 15) The pension policy (if applicable) must be in line with the business strategy, objectives, values, and long-term interests of the Company. If the employee leaves the Company before retirement, discretionary pension benefits shall be held by the Company for a period of five years in the form of instruments referred to in point (I). Where an employee reaches retirement, discretionary pension benefits must be paid to the employee in the form of instruments referred to in point (I) subject to a five-year retention period;
- 16) Staff members are required to undertake not to use personal hedging strategies or remuneration- and liability- related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
- 17) Variable remuneration is not paid through vehicles or methods that facilitate the noncompliance with this Directive or Regulation (EU) No 575/2013.

Control Functions

In case that the Company will decide to offer variable remuneration to Control Function, the remuneration amount will be solely determined by qualitative criteria which are inter alia the following:

- a) The relevant control function has not identified instances of material regulatory breaches over the past 12 months.
- b) The remuneration is provided in accordance with the achievement of the objectives linked to each control function, independent of the performance of the business areas they control.
- c) Complaints (if any) that have been raised from clients against the relevant control function are within the tolerance ratio set by the Company.

If the abovementioned qualitative criteria are met, the Senior Management will recommend the variable remuneration component to the Board of Directors for approval, during a separate meeting.

The Company provides variable remuneration if collectively the following quantitative criteria are fulfilled:

- a) the variable component shall not exceed 100% of the fixed component of the total remuneration for each individual.

- b) A substantial portion, and in any event at least 50% of any variable remuneration must consist of a balance of the following:
- shares or equivalent ownership interests, subject to the legal structure of the CIF concerned or share-linked instruments or equivalent non-cash instruments, in the case of a non-listed CIF
 - other capital instruments that can be fully converted to Common Equity Tier 1 instruments. These instruments must be subject to an appropriate retention policy designed to align incentives with the longer-term interests of the CIF. This point must be applied to both the portion of the variable remuneration component deferred in accordance with point (m) and the portion of the variable remuneration component not deferred;
- c) A substantial portion, and in any event at least 40%, of the variable remuneration component is deferred over a period which is not less than three to five years and is correctly aligned with the nature of the business, its risks and the activities of the member of staff in question. Remuneration payable under deferral arrangements shall vest no faster than on a pro-rata basis. In the case of a variable remuneration component of a particularly high amount, at least 60 % of the amount shall be deferred. The length of the deferral period shall be established in accordance with the business cycle, the nature of the business, its risks and the activities of the member of staff in question.
- d) Variable remuneration will be provided only if the Company has in place adequate capital to cover its minimum capital requirement. See below the limits set:

Item	Limit
Own Funds	EUR 150k
CET 1 Capital Ratio	56%
Tier 1 Capital Ratio	75%
Total Capital Ratio	100%

If any of the above limits are breached, the Company will not distribute variable remuneration.

The Company provides variable remuneration if collectively the following qualitative criteria in combination with the quantitative criteria are fulfilled:

- a) The Business Development functions do not breach the applicable regulations
- b) Complaints (if any) that have been raised from clients against Business Development functions are within the tolerance ration set by the Company.
- c) The business development associates offer products only to those clients who possess trading experience and knowledge with respect to the services and product the Company offers, and when only sufficient information is provided to clients.

- d) The business development associates present information to the client and/or prospective client that is factual, fair, balanced and non-misleading
- e) The business development functions staff follows the Company's procedures and policies in relation to the promotion/marketing of its services and products (i.e. no misleading information provided to clients, risk warnings are appropriately disclosed, no pressure is exerted on clients, etc)
- f) The monitoring activity of the Compliance function has not resulted in any negative results or poor practices been identified.
- g) Client satisfaction surveys have been carried out with positive results.

Variable Remuneration Conditions

The Company shall ensure that any variable remuneration awarded and paid to categories of staff referred to in Article 26 of the Law 165(l)/2021, which are deemed as material risk-takers complies with all of the following requirements:

- a) where variable remuneration is performance related, the total amount of variable remuneration is based on a combination of the assessment of the performance of the individual, of the business unit concerned and of the overall results of the investment firm
- b) when assessing the performance of the individual, both financial and non-financial criteria are taken into account
- c) the assessment of the performance with regards to variable remuneration pay-outs is based on a multi-year period, taking into account the business cycle of the investment firm and its business risks
- d) the variable remuneration does not affect the investment firm's ability to ensure a sound capital base
- e) there is no guaranteed variable remuneration other than for new staff only for the first year of employment of new staff and where the investment firm has a strong capital base
- f) payments relating to the early termination of an employment contract reflect performance achieved over time by the individual and shall not reward failure or misconduct
- g) remuneration packages relating to compensation or buy out from contracts in previous employment are aligned with the long-term interests of the investment firm
- h) the measurement of performance used as a basis to calculate pools of variable remuneration takes into account all types of current and future risks and the cost of the capital and liquidity required in accordance with Regulation (EU) 2019/2033
- i) the allocation of the variable remuneration components within the investment firm takes into account all types of current and future risks
- j) at least 50% of the variable remuneration consists of any of the following instruments:

- shares or equivalent ownership interests, subject to the legal structure of the investment firm concerned
 - share-linked instruments or equivalent non-cash instruments, subject to the legal structure of the investment firm concerned
 - Additional Tier 1 instruments or Tier 2 instruments or other instruments which can be fully converted to Common Equity Tier 1 instruments or written down and that adequately reflect the credit quality of the investment firm as a going concern
 - non-cash instruments which reflect the instruments of the portfolios managed
- k) at least 40% of the variable remuneration is deferred over a three- to five-year period as appropriate, depending on the business cycle of the Company, the nature of its business, its risks and the activities of the individual in question, except in the case of variable remuneration of a particularly high amount where the proportion of the variable remuneration deferred is at least 60%
- l) up to 100% of the variable remuneration is contracted where the financial performance of the investment firm is subdued or negative, including through malus or clawback arrangements subject to criteria set by investment firms which in particular cover situations where the individual in question: (i) participated in or was responsible for conduct which resulted in significant losses for the investment firm; (ii) is no longer considered fit and proper; (n) discretionary pension benefits are in line with the business strategy, objectives, values and long-term interests of the investment firm.

Further to the above and according to Article 32 of IFR, the conditions whereby at least 50% of variable remuneration should consist of the instruments listed above and the condition attached for the deferral period of 40% of variable remuneration, do not apply to investment firms with on and off balance sheets assets equal to or less than EUR 100 million over the 4-year period immediately preceding the financial year and/or to individuals whose annual variable remuneration does not exceed 50,000 and does not represent more than one fourth of his/her total annual remuneration.

The Company studied in detail both quantitative and qualitative criteria mentioned in the Law 165(l)/2021 as well the EBA's guidelines on sound remuneration policies and practices and is committed to monitoring the threshold conditions and criteria within its operational context in order to ensure that it remains compliant with remuneration requirements. Since, the Company has not established a Remuneration Committee, the conditions above are overseen on an ongoing basis and reviewed on an annual basis, by the Board of Directors, in accordance with the provisions of applicable Law.

Points (j) and (l) of paragraph 1 and the third subparagraph of paragraph 3 shall not apply to: (a) an investment firm, where the value of its on and off-balance sheet assets is on average equal to or less than EUR 100 million over the four-year period immediately preceding the given financial

year; (b) an individual whose annual variable remuneration does not exceed EUR 50,000 and does not represent more than one fourth of that individual's total annual remuneration.

6. PERFORMANCE APPRAISAL

The Company implements a performance appraisal program, mainly to foster talent and promote healthy competition amongst personnel. Performance appraisals, which are based on a set of Key Performance Indicators and Targets for each department, are performed in a multiyear framework in order to ensure that the appraisal process is based on longer-term performance and that in the future (i.e. when applicable), the actual payment of performance-based components of Remuneration will be spread over a period which will take into account the Company's underlying business cycle and risks.

In order to perform performance appraisals, key short – medium and long objectives / goals are set for each employee once per year. Performance is then assessed against these objectives/goals. The annual performance review also determines the level of the annual (one-off) variable remuneration to be awarded to employees. The variable elements of remuneration depend on the annual performance evaluation of each employee, the fulfilment of their annual performance, related targets and the annual financial performance of the Company. Performance appraisal is also used during the assessment of the variable remuneration to ensure that both quantitative and qualitative criteria are taken into consideration. The Company's Management considers this as an important element of the variable remuneration given also ESMA's guidelines (ESMA / 2013/606) which encourage the use of qualitative criteria for the performance assessment.

Performance appraisal on medium and short-term is being performed as follows:

- Objectives are set in the beginning of each year (depending on the department appraisal process) defining what the Company functions, departments and individuals are expected to achieve during the year and half annually.
- Performance checks and feedbacks: managers provide support and feedback to the concerned staff every 6 months, during formal or informal performance reviews; the aim is to assist the staff to develop their skills and competencies.
- 6 Months Performance review.

The Company shall ensure that where Remuneration is linked with performance, the total amount of Remuneration is based on a combination of the performance assessment of:

- the individual's objectives /goals
- the business unit objectives / goals and
- the overall results of the Company.

A set of qualitative and quantitative criteria (quantitative as well as qualitative criteria are taken into account; 12 months performance evaluation and performance rating are taken into

account).

If deemed appropriate (achieving at least 60% of total score from Annual Assessment), a salary revision is proposed by senior management, which is then approved by the Company's Board of Directors.

The Company's performance appraisal system considers, amongst others, the following qualitative criteria which may change from time to time:

- Staff's contribution towards achieving the Company's goal of servicing its clients ethically and in the best possible quality
- Staff's overall behaviour within the Company (way of conducting oneself with Management and other colleagues)
- Staff's awareness of the impact of his/her action on the Company's brand, colleagues and oneself
- Being flexible to accommodate clients', colleagues' and Management's needs with regards to the way of conducting business
- Demonstrate proficient technical knowledge of the products, platform and trading activities and how these are carried out
- Attending CySEC's seminars and obtaining relevant certificates

Examples of qualitative criteria include compliance with regulatory requirements (especially conduct of business rules and, in particular, the review of the suitability of instruments sold by Relevant Persons to clients) and internal procedures, fair treatment of clients and client satisfaction.

All assessed indicators are recorded during personal discussions between an employee and its direct supervisor at least once a year, through the employee performance assessment (all relevant employee documentation including the employee assessment will be maintained separately).

7. CONFLICT OF INTEREST

Remuneration arrangements ensure that a balance is maintained between achievement of trading volume or profitability and quality of performance, adherence to compliance requirements and acting in accordance with the Company's values and behaviours. Moreover, remuneration is a factor that may influence the conflict of interests within an entity.

The Company has adopted the following measures in order to mitigate conflict of interest arising from the provision of remuneration.

- a) Variable remuneration will not be provided based on any of the following criteria, which can create conflict of interest and are not in line with the conduct of business:

- Remunerations based on the volume or value of the client transactions or the value of the clients' deposits
 - Remunerations based on the retention of clients
 - Remunerations based on the number of potential clients who have actually become clients
 - Remunerations as a percentage of the net revenue accruing to the Company in respect to clients' transactions (closed P&L of clients)
 - Remuneration linked directly to the sale of specific financial instruments
 - Fixed remuneration based on the number of new clients attracted.
- b) Remove any direct link between the remuneration of Relevant Persons principally engaged in one activity and the remuneration of, or revenues generated by, different Relevant Persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.

Encourage responsible business conduct, fair treatment of clients as well as avoiding conflict of interest in the relationships with clients.

8. REMUNERATION DATA COLLECTION EXERCISES

As per the EBA's Final Report on Remuneration and Pay Gap Benchmarking Exercises (EBA/GL/2022/07), Competent authorities should collect and submit to the EBA remuneration and gender pay gap data from investment firms.

Further to the above, the Final Report on Guidelines on data collection exercises for high earners under Directive 2013/36/EU and Directive (EU) 2019/2034 specifies that competent authorities should request the information in Annex I from institutions and other entities in the scope of consolidation and the information in Annex II for investment firms.

Further to the above, the Company has reviewed and taken into account the EBA's guidelines on the remuneration benchmarking exercise and high earners data collection exercise.

9. REMUNERATION REPORTING

In light of the above, CySEC has informed CIFs through the Circular C576 of the adoption and incorporation of these two EBA guidelines within its supervisory approach, pursuant to the IFD and Directive 2013/36/EU.

The following Guidelines on remuneration apply for CIFs with an initial capital requirement of **€150k** and **€750k**:

- a) On the benchmarking exercises on remuneration practices and the gender pay gap under Directive (EU) 2019/2034 (IFD) (EBA/GL/2022/07)
- b) On the data collection exercises regarding high earners under Directive 2013/36/EU (CRD) and under Directive (EU) 2019/2034 (IFD) (EBA/GL/2022/08)

11.1. Remuneration Benchmarking Exercise

To enable competent authorities to collect and submit remuneration data, investment firms should submit the following information by **15 June annually** to competent authorities:

- ➔ information on remuneration of all staff as set out in Annex I
- ➔ additional information on remuneration for identified staff as set out in Annex II and Annex III
- ➔ information on derogations as specified in Annex IV.

11.2. Gender Pay Gap Data

Moreover and to enable competent authorities to collect and submit gender pay gap data, investment firms should submit the following information by 15 June every 3 years to competent authorities:

- ➔ Information set out in Annex V.

The gender pay gap should be calculated as the difference between the average remuneration of men and women expressed as a percentage of the average remuneration of men. Investment firms should use for the calculation the annual gross remuneration of staff on a full-time equivalent basis.

Investment firms that have **250 or more staff** should calculate the gender pay gap for each quartile of their total remuneration and in total. Investment firms with fewer than 250 staff should only submit the gender pay gap based on the total figures for all staff.

The gender pay gap based on gross remuneration should be expressed as the difference between the remuneration levels of male and female staff as the:

- difference between the mean remuneration of men and the mean remuneration of women, expressed as a percentage of the mean remuneration of men; and
- difference between the median remuneration of men and the median remuneration of women, expressed as a percentage of the median remuneration of men.

11.3. High Earners Data Collection Exercise

Further to the Circular C576, where firms do not have any high earners to report, it is not necessary to submit this information, unless required by the competent authority.

Firms should submit data on high earners for each Member State in which high earners are located and for each payment bracket of **EUR 1 million** (e.g. EUR 1 million to less than EUR 2 million; EUR 2 million to less than EUR 3 million, etc.). Data shall be submitted to CySEC by 15 June annually.

CySEC has issued its templates for the purpose of submission of the Remuneration Reporting schedules. The Company shall ensure that it collects the applicable data and completes the remuneration templates accordingly in order to be able to submit the said reporting requirements as applicable via CySEC's XBRL Portal. In addition, the Company shall ensure that any additional EBA guidelines that may be issued shall be reviewed and taken into account in order to ensure that the Firm shall be in line with its regulatory and other requirements at all times.

10. REMUNERATION OF THE BOARD OF DIRECTORS

The fees of the individual Board members of the Company are specified in the annual Pillar 3 disclosures. The remuneration of the Members of the Board of Directors shall reflect the difference between Non-Executive members and Executive members.

The remuneration of the Executive Board member is to ensure the Company's continued ability to attract and retain the most qualified Executive Board members and a good basis for succession. The remuneration of the Executive Board consists of a fixed pay and/or bonus entitlement. Members of the Executive Board may also be entitled to Company paid car and/or phone and other benefits. The Board of Directors members pay may deviate from this Policy in individual cases if justified by extraordinary circumstances always respecting the spirit of the relevant regulations issued by the authorities on this matter and subject to the prior approval of the Compliance Department, as and where applicable. Once a year on the Company's website, the Company shall disclose information on remuneration of its Board of Directors, the Executive Directors and Heads of Departments.