



REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

X-Trade Brokers Dom Maklerski S.A.

dated 5 March 2020

This document, hereinafter referred to as the Remuneration Policy, sets out the rules for remuneration of Members of the Management Board and Members of the Supervisory Board of X-Trade Brokers Dom Maklerski S.A. The legal basis for this Policy are the provisions of the Act on Public Offering.

I. Definitions

§1

Whenever referred to herein:

- (a) Member of the Supervisory Board – shall mean a Member of the Supervisory Board of the Company;
- (b) Member of the Management Board – shall mean a Member of the Management Board of the Company;
- (c) Group – shall mean the Company, the Branch Offices and the Subsidiaries;
- (d) Financial Instruments – shall mean derivative instruments whose value is linked to the financial standing of the Company;
- (e) Remuneration Committee – shall mean the remuneration committee of the Company;
- (f) Branch Offices – shall mean foreign branch offices of the Company;
- (g) Remuneration Policy – shall mean this remuneration policy for Members of the Management Board and Members of the Supervisory Board;
- (h) Supervisory Board – shall mean the Supervisory Board of the Company;
- (i) Company – shall mean X-Trade Brokers Dom Maklerski S.A.;
- (j) Subsidiaries – shall mean of the subsidiaries of the Company;
- (k) Remuneration Report – shall mean the report on remuneration containing a summary of remunerations received by particular Members of the Management Board and Members of the Supervisory Board or due to particular Members of the Management Board and Members of the Supervisory Board in the last financial year, in accordance with § 15 of this Remuneration Policy;
- (l) Act on Trading – shall mean the Act of 29 July 2005 on Trading in Financial Instruments, as amended;
- (m) Act on Public Offering – shall mean the Act of 25 July 2005 on Public Offering, Conditions for Introducing Financial Instruments to Organised Trading and Pubic Companies, as amended;
- (n) General Meeting – shall mean the general meeting of shareholders of the Company;
- (o) Management Board – shall mean the management board the Company.



II. General

§2

- 1) The Management Board prepares, implements and updates this Remuneration Policy.
- 2) The Remuneration Committee expresses opinions on this Remuneration Policy
- 3) The Supervisory Board approves this Remuneration Policy and supervises the implementation hereof.
- 4) This Remuneration Policy is subject to approval by a resolution of the General Meeting adopted by simple majority of votes.
- 5) Each year, the Supervisory Board reviews the application of the Remuneration Policy and prepares a Remuneration Report.

§3

The purposes of the Remuneration Policy are:

- 1) to carry out the business strategy adopted by the Company;
- 2) to achieve the long-term interests assumed by the Company; and
- 3) to maintain the stability of the Company.

§4

- 1) The Company's business strategy is published on the Company's website in the "Investor Relations" section.
- 2) The grounds for determining the total amount of the remuneration of Members of the Management Board and Members of the Supervisory Board shall be the assessment of the performance of the given person and of the organisational unit in reference to the general performance of the Company.
- 3) Remuneration paid to the members of the Management Board and Members of the Supervisory Board shall take into account the current situation of the Company.

III. Remuneration structure

§5

- 1) The remuneration model for Members of the Management Board covers fixed pay, variable pay and non-cash benefits.
- 2) The remuneration model for Members of the Supervisory Board covers fixed pay and non-cash benefits.
- 3) The components of remuneration for Members of the Management Board and Members of the Supervisory Board shall be paid in a transparent manner which ensures effective implementation of the Remuneration Policy.



- 4) While determining the rules for remuneration for Members of the Management Board and Members of the Supervisory Board, the rules for remuneration for all the employees of the Company shall be taken into account, and the situation on the labour market shall be analysed.

§6

- 1) Members of the Management Board shall be paid remuneration under their employment contracts or under appointment relationship.
- 2) The rules for and amount of the remuneration of Members of the Management Board shall be determined by the Supervisory Board.

§7

- 1) Members of the Supervisory Board shall be paid remuneration under the appointment relationship, namely in respect of their holding the office in the Supervisory Board. Members of the Supervisory Board are appointed for a common term of office of three years.
- 2) The rules for and amount of the remuneration of Members of the Supervisory Board shall be determined by the General Meeting.
- 3) There are three thresholds of remuneration granted to the Members of the Supervisory Board:
 - a) remuneration of the Chair of the Supervisory Board;
 - b) remuneration of Members of the Supervisory Board who simultaneously act as a member of at least one committee of the Supervisory Board; and
 - c) remuneration of other Members of the Supervisory Board who do not hold any office in a committee of the Supervisory Board.

§8

- 1) If the entire remuneration is divided into fixed components and variable components, the fixed components shall constitute a portion of the total remuneration which is high enough to enable flexible policy regarding the variable remuneration components, including reduction or non-payment of such components.
- 2) Subject to paragraph (3) below, the proportion of the variable remuneration components to the fixed remuneration components must not exceed 100% for each Member of the Management Board.
- 3) Subject to consent from the General Meeting, a higher maximum relation of the variable remuneration components to the fixed remuneration components may be applied, but no higher than 200%. The consent referred to in the previous sentence shall be expressed in the form of a resolution adopted by a majority of 2/3 of votes in the presence of persons representing at least half of the share capital, or if quorum is not present, the resolution shall be adopted by a majority of 3/4 of votes.



Fixed components of the remuneration

§9

- 1) Members of the Management Board and Members of the Supervisory Board, to whom this Remuneration Policy apply, shall be paid fixed remuneration for work reflecting the type of their work and the qualifications necessary in order to perform the same, taking into account:
 - a) the quantity,
 - b) the assessment, and
 - c) the quality of their work.
- 2) The fixed components of remuneration are:
 - a) the base pay, and
 - b) other benefits granted under generally applicable provisions of law.
- 3) The amount of the fixed pay shall be determined for each Member of the Management Board and each Member of the Supervisory Board individually, based on the level of the person's education, knowledge, qualifications and professional experience, the nature of the position to be held by the given person, the scope of duties and scope of responsibilities for the given position, as well as the situation on the local labour market, so that to ensure that the remuneration level does not encourage the given person to assume excessive risk in order to obtain the variable component of remuneration.

Variable components of remuneration

§10

- 1) Members of the Management Board, to whom this Remuneration Policy applies, may be paid variable pay (annual bonus on the achievement of management goals).
- 2) The variable pay for Members of the Management Board depends on the performance of particular Members of the Management Board and the performance of the Company.
- 3) The Supervisory Board is authorised to determine the amount of the variable pay for each Member of the Management Board.
- 4) In a situation where the variable components of remuneration are paid in instalments, the long-term interest of the Company shall be taken into account.
- 5) While granting or paying out the variable components of remuneration, the following shall be taken into account: the size of the Company, the financial results of the Company, the risk involved in the Company's operations, the internal organisation, as well as the scope and level of complexity of the Company's business.
- 6) The financial results of the Company adopted in order to determine the variable components of the remuneration should take into account the level of the risk assumed and the cost of capital and restriction of liquidity.
- 7) Members of the Management Board shall be informed about the goals and assessment rules by the end of the first quarter for which the variable components of remuneration are to be paid.
- 8) The performance assessment shall be based on the data for at least last three financial years, and for persons with less than three years of services – the data from the date of commencement of employment, to ensure that the actual payment of the Company performance-related



components of remuneration covers a period which takes into account the business cycle and risk involved in the Company's business.

- 9) While assessing the individual performance, both financial and non-financial criteria shall be taken into account.
- 10) The financial criteria referred to in paragraph (9) above may include, but are not limited to:
 - a) implementation the organisational unit's budget,
 - b) performance of tasks which bring additional unplanned revenues or savings, taking into account the risk involved in the performance of such tasks,
 - c) contributing to losses which objectively could have been prevented – as a negative assessment factor.
- 11) The non-financial criteria referred to in paragraph (9) above may include, but are not limited to:
 - a) participation in activities which affect the Company's reputation – as a positive or a negative assessment factor,
 - b) a failure to meet the expectations regarding competences – as a negative assessment factor,
 - c) timely performance of assigned tasks, taking into account the objective conditions in which they are performed,
 - d) attitude to risk,
 - e) implementation of the strategy in the supervised areas, and
 - f) active participation or initiative in the area of business social activities.
- 12) The guaranteed variable components of remuneration, which are not subject to relevant provisions regarding variable components of remuneration, are of exceptional nature, may be granted only at the moment of entering into the employment relationship and are limited to the first year of employment only.
- 13) The persons who are subject to the Remuneration Policy are obliged not to use personal hedging strategies or insurance regarding remuneration and liability in order to challenge the consequences of risk in the remuneration system which applies to them.

§11

- 1) The amount of the variable components of remuneration granted must not restrict the Company's ability to increase its capital base.
- 2) The amount of the variable components of remuneration may be reduced, and the payment thereof may be suspended, if the Company shows permanent balance sheet loss.
- 3) Remuneration for earlier termination of the contract should reflect the work volume, productivity and quality over at least the last three years of holding the given office with the Company, and if the person has held the office for a period shorter than three years – for the period from the moment the person took over the office. The rules regarding such payments should be formulated in a manner which prevents remunerating poor performance, taking into account the basis and criteria described above.
- 4) At least 40% of the variable components of remuneration shall depend on the performance of the given person and shall take into account the risk of operations of the Company.



- 5) At least 50% of the variable components of remuneration shall be granted in the form of Financial Instruments. This provision shall not apply to the variable components of remuneration if their total value in the given year does not exceed 50% of the fixed pay.
- 6) At least 40% of the variable component of remuneration paid in the form of a Financial Instruments as referred to in paragraph (5) shall be settled and paid within a period of from three to five years, whereas such a period shall be determined taking into account the business cycle, the nature of and risk involved in the business and the obligations of the given persons. If the total amount of the remuneration of the given person in the previous financial year exceeded the Polish zloty equivalent of 1,000,000 euro determined at the average exchange rate published by the National Bank of Poland applicable on the last day of the previous year, the above shall apply to 60% of the variable components of remuneration.
- 7) The rights under the Financial Instruments referred to in paragraphs (5) and (6) above must not be transferred to a third party or encumbered in favour of a third party. The rights under the Financial Instruments shall be exercised by demanding the Company to fulfil payment obligation of a specified value.
- 8) The demand referred to in paragraph (7) may be filed no more than once in a given calendar year.
- 9) The demand referred to in paragraph (7) above must not be filed before the General Meeting approves the financial statements of the Company for the financial year preceding the year in which the demand is filed. Simultaneously, the Member of the Management Board must not file the demand in a given year if the approved financial statements of the Company for the immediately preceding financial year show loss at the consolidated level. In the event referred to in the preceding sentence, it is not possible to file the demand until the value of the loss suffered by the Company plus any consecutive losses is not offset with the value of consecutive profits of the Company.

Non-cash benefits

§12

Members of the Management Board and Members of the Supervisory Board to whom this Remuneration Policy applies, shall receive remuneration in the form of non-cash benefits which are available to other employees of the Company, including inter alia:

- (a) the possibility of using the Company's equipment, including Company car, computer, telephone,
- (b) access to trade literature and press,
- (c) additional fringe benefits, including a multisport card, private healthcare, and
- (d) training.

IV. Pension scheme and early retirement scheme

§13

- 1) The Management Board takes care that the policy regarding retirement benefits is in compliance with the business strategy, objectives and values of the Company and that it is aimed at ensuring special attention to the Company's interest in a long-term perspective.
- 2) The Company does not operate any early retirement schemes or additional pension schemes.



- 3) A Member of the Management Board who is a party to a terminated contract for provision of work and has reached the retirement age, shall be obliged not to dispose of the Financial Instruments for a period of five years form the date of termination of the contract under which they provided work.

V. Avoidance of conflict of interest

§14

This Remuneration Policy is aimed at guaranteeing identification and mitigation of any possible conflict of interest relating to remuneration for Members of the Management Board and Members of the Supervisory Board. The decision-making process with regard to granting remuneration is transparent and multi-level, while the performance assessment rules are clear and transparent.

VI. Remuneration reports

§15

- 1) Each year, the Supervisory Board shall prepare the Remuneration Report which shall set out the comprehensive review of remuneration, including all the benefits in whatever form, received by particular Members of the Management Board and Members of the Supervisory Board or due to particular Members of the Management Board and Members of the Supervisory Board in the previous financial year, in accordance with this Remuneration Policy.
- 2) Members of the Supervisory Board shall be liable for the information contained in the Remuneration Report.
- 3) The Remuneration Report shall specify in particular the following:
 - a) the amount of the total remuneration split into components, as well as the proportions of such remuneration components;
 - b) the clarification of the manner in which the total remuneration is in compliance with the adopted Remuneration Policy, including the manner in which it contributes to achieving the Company's long-term performance;
 - c) information about the manner in which the performance criteria are applied;
 - d) information about changes in the remuneration over the year, the Company's performance and the average remuneration of the Company's employees who are not Members of the Management Board or members of the Supervisory Board, in the period of at least last five financial years, in aggregate, in a manner enabling comparison;
 - e) amount of remuneration from Group members;
 - f) the number of Financial Instruments granted or offered and the key terms and conditions for exercising the rights under the Financial Instruments, including the price and date of the exercise and change thereto;
 - g) information about using the possibility of demanding refund of the variable components of remuneration; and



- h) information regarding deviations from the procedure of implementation of the Remuneration Policy, including clarification of the reasons and mode, as well as specification of the elements, to which the deviations pertained.
- 4) The first Remuneration Report shall be prepared for the years 2019 and 2020 collectively.
- 5) Information regarding the financial years for which the Supervisory Board was not obliged to prepare the Remuneration Report may be quoted based on estimates.
- 6) The Remuneration Report shall not include personal data of Members of the Management Board and Members of the Supervisory Board.
- 7) If the remuneration of Members of the Management Board and the Member of the Supervisory Board comprises cash or non-cash benefits granted for their family members, the Remuneration Report shall contain information about the value of such benefits. A family member shall include a spouse, a descendant, an ascendant, a brother, a sister, a relative by affinity in the same line or the same degree, a person in the adoption relationship and such a person's spouse, as well as spouse equivalent.
- 8) The General Meeting shall adopt a resolution expressing an opinion on the Remuneration Report. Resolution mentioned in the previous sentence has an advisory nature.
- 9) The Remuneration Report shall contain clarification as how the resolution referred to in paragraph (8) above was taken into account in that Remuneration Report.
- 10) The Company shall publish the Remuneration Report on its website and shall make the same available free of charge for a period of at least 10 years after end of the proceedings of the General Meeting.
- 11) The Remuneration Report shall be subject to assessment by the certified auditor in respect of the information contained therein and required under paragraphs (1) – (6) and paragraph (10) above.

VII. Final provisions

§16

- 1) In cases not governed by this Remuneration Policy, other internal regulations of the Company and generally applicable provisions of law, including the Act on Trade and the Act on Public Offering, shall apply.
- 2) Each material change to the Remuneration Policy shall require a resolution of the General Meeting.
- 3) A resolution of the General Meeting regarding the Remuneration Policy shall be adopted no less than once in four years.
- 4) Remuneration of Members of the Management Board and Members of the Supervisory Board shall be determined on the basis of this Remuneration Policy.
- 5) This Remuneration Policy is published on the Company's website.