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AS DelfinGroup Remuneration Policy 3PL3 – 0

1. General information

- 1.1. The DelfinGroup Remuneration Policy aims to promote implementation of DelfinGroup strategy, sustainability, transparency of use of finances, as well as to retain, attract, motivate and develop professional and talented employees, management board and supervisory board members.
- 1.2. DelfinGroup applies the following principles when determining the remuneration of employees, management board and supervisory board members:
 - 1.2.1. Remuneration is commensurate with the performance and personal contribution of employees, management board and supervisory board members;
 - 1.2.2. Remuneration is in line with the terms of the employment or authorisation relationship as well as DelfinGroup actual performance;
 - 1.2.3. The remuneration of management board and supervisory board members is proportional to the remuneration of employees;
 - 1.2.4. Remuneration is competitive in the labour market;
 - 1.2.5. The remuneration structure is balanced and does not encourage excessive risk-taking;
 - 1.2.6. Remuneration is not contrary to the long-term interests of DelfinGroup or stakeholders;
 - 1.2.7. To avoid conflicts of interest, DelfinGroup ensures that its employees, management board and supervisory board members do not participate in determining their remuneration (unless the shareholder is supervisory board member).
- 1.3. The management board and the supervisory board are elected for a term in accordance with Commercial Law and the Articles of Association of DelfinGroup.

2. Remuneration of employees

- 2.1. The **fixed part of an employees' remuneration is their salary**. Salary is determined on the basis of the employee's position, professional experience, level of responsibility, and is calculated per month, according to the actual working hours.
- 2.2. The amount of the **variable parts of remuneration** depends on the employee's performance – sales bonus, payments for special achievements or other financial benefits.
- 2.3. To achieve a competitive, market-conforming and motivating determination of remuneration, the Personnel Department prepares and the management board approves the remuneration procedure at least once in 2 years, which determines:
 - 2.3.1. Groups of positions;
 - 2.3.2. Salary limits for groups of positions, taking into account the results of the market remuneration survey;
 - 2.3.3. For those groups of positions and specialists whose work specifics are unique to the local market – the salary limits are determined by the management board based on the proposal of the personnel department.

- 2.4. The Head of the Department, observing the remuneration procedure, determines the amount of the employee's salary and the variable part of remuneration.
- 2.5. If the variable part of remuneration of an employee during the year exceeds 100% of the annual salary or the total amount of annual bonuses exceeds 25,000 euros per year, then the management board needs the approval of the supervisory board for calculation and payment of such variable part of remuneration.
- 2.6. The variable part of remuneration of employees can be paid monthly, quarterly or annually.
- 2.7. Salary can usually be reviewed once a year in accordance with the Remuneration Procedure.
- 2.8. The Personnel Department monitors compliance with the principles of employee remuneration.
- 2.9. The management board of DelfinGroup is entitled to reduce the salaries of employees in case of extreme necessity in order to reduce risks that may be related to the financial risks and existence of the company.
- 2.10. The remuneration of and the calculation of the variable part of the remuneration (if any), for the Head of the Internal Audit Department shall be determined by the Supervisory Board.

3. Remuneration of management board members

- 3.1. Remuneration of management board members is determined by the supervisory board of DelfinGroup.
- 3.2. Fixed and variable remuneration is determined for management board members, and other benefits are provided.
- 3.3. When determining the **fixed amount of remuneration** for a management board member, the following is taken into account:
 - 3.3.1. education, professional skills and competencies, job responsibilities, as well as the level of responsibility of the management board member in making decisions and organising processes;
 - 3.3.2. the situation in the labour market;
 - 3.3.3. DelfinGroup financial position.
- 3.4. The **variable part of remuneration** for management board members shall be determined in an amount not exceeding 100% of the amount of the fixed remuneration. The variable part of remuneration is related to:
 - 3.4.1. The implementation of DelfinGroup strategy;
 - 3.4.2. The fulfilment of the overall objectives set by the Supervisory Board, as well as the objectives and key performance indicators (KPIs) of individual members of the management board as defined by the Supervisory Board;
 - 3.4.3. DelfinGroup financial results, including profits.
- 3.5. According to the decision of the Supervisory Board, the variable part of the remuneration of a management board member may be paid quarterly.
- 3.6. The supervisory board may reduce or not pay variable remuneration if DelfinGroup financial results have not been achieved or if the overall financial situation of DelfinGroup does not allow it.
- 3.7. The supervisory board may decide on a partial suspension of payment of the variable part of the remuneration of a management board member, with the supervisory board setting a period of suspension, if there are substantial grounds for that.
- 3.8. The supervisory board may decide to recover the variable part of the remuneration paid if the information on the basis of which the decision to pay the variable part of the remuneration was made, was not correct.

3.9. In addition to the fixed remuneration, as well as the variable part of remuneration, the supervisory board may set other benefits for management board members:

3.9.1. an additional bonus for successful implementation of strategically important projects determined by the supervisory board with the total bonus budget not exceeding 20% of the total amount of remuneration for the management board member in the last 12 months. If the management board member has been in office for 3 to 6 months, then the total bonus budget does not exceed 80% of the total remuneration of the management board member in the last 3 months. If the management board member has been in office for 6 to 12 months, then the total bonus budget does not exceed 40% of the total remuneration of the management board member in the last 6 months;

3.9.2. the use of one non-luxury car and the payment of related expenses;

3.9.3. payment for the use of a mobile communication device, payment for communications, insurance, and other rational benefits with the total budget not exceeding 5% of the amount of the fixed remuneration.

3.9.4. No termination payments are set for management board members. However, if it is deemed necessary in specific circumstances, the amount of such payment determined by the supervisory board may not exceed the amount of the fixed remuneration of the management board member for 6 months.

4. Remuneration of supervisory board members

4.1. Remuneration of supervisory board members is determined by the shareholders' meeting of DelfinGroup.

4.2. No variable part of remuneration is determined for supervisory board members.

4.3. Remuneration of the Chairperson of the supervisory board is calculated with the shareholder's meeting setting the basic remuneration of no more than 50% of the fixed remuneration of the Chairperson of the management board of DelfinGroup, and the shareholders' meeting may determine that the basic remuneration of a supervisory board member is calculated as not exceeding 50% of the basic remuneration of the Chairman of the supervisory board.

4.4. The supervisory board may set bonuses for members and/or the Chairperson of the supervisory board for work in committees or working groups established by the Supervisory Board, the total amount of the bonuses not exceeding 50% of the basic remuneration of the member and/or the Chairperson of the Supervisory Board, respectively.

4.5. It is possible to set additional bonuses for supervisory board members only in accordance with the decision of the shareholders' meeting.

4.6. No termination payments are set for supervisory board members. However, if it is deemed necessary in specific circumstances, the amount of such payment determined by the shareholders' meeting shall not exceed the amount of the fixed remuneration of the supervisory board member for 6 months.

5. Policy monitoring and updating

5.1. Implementation of the remuneration policy is supervised by the supervisory board of the company.

5.2. The remuneration policy is approved by the shareholders' meeting.

5.3. The management board and the supervisory board shall ensure that remuneration of management board and supervisory board members is determined in accordance with the remuneration policy.

5.4. The management board of DelfinGroup shall:

5.4.1. update the remuneration policy as necessary, however at least once in 3 years;

- 5.4.2. after coordination with the supervisory board, the management board of DelfinGroup shall submit the remuneration policy for approval to the shareholders' meeting (even if no amendments to the remuneration policy are required, the shareholders' meeting takes a decision on the remuneration policy).
- 5.4.3. When including the matter of revision of the remuneration policy in the agenda of the shareholders' meeting, the management board provides a description and explanation of the significant changes made in the remuneration policy and how the new remuneration policy takes into account the vote of the shareholders' meeting and shareholders' opinions.
- 5.5. The management board ensures that the remuneration policy, as well as the annual report, which includes information on the remuneration granted or paid to each current and former management board and supervisory board member in the previous financial year, is published on the DelfinGroup website.

Date of entry into force: 2021.03.30.

Approved by: supervisory board and shareholders' meeting

Policy History

Version date	Version number	Amendments