

	POLICY		
	Number: 3PL3 Version: 2		
	Confirmed	Confirmed	Approved
	Riga, 2023.06.16. Management Board Minutes No 16/2023	Riga, 2023.06.21. Supervisory Boards Minutes No 9/2023	Riga, 2023.09.14. Shareholders meeting Resolution Nr.4 (2023)

With voting results as follows:

total number of voting shares participating at the meeting 32 842 802

votes cast out of the number of voting shares 32 842 802

percentage of voting capital represented by votes cast at the meeting of shareholders 72,47%

number of votes “for” the approval of the remuneration policy 32 841 802 or 99.997%

number of votes “against” the approval of the remuneration policy 0 or 0.00%

Remuneration Policy

1. GENERAL INFORMATION

1.1. The DelfinGroup Remuneration Policy aims to promote the implementation of DelfinGroup strategy, sustainability, and transparency of the 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’s actual performance;
- 1.2.3. The remuneration of the 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 and 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 a 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. Time remuneration or piecework remuneration of employees is their salary. Salary is determined on the basis of the employee’s position, professional experience, level of responsibility, and is calculated once a month.

2.2. A bonus can be paid for special achievements. Granting of a bonus can be proposed by the Head of the Department or the Management board, the decision to grant a bonus is adopted by the Management board. The bonus amount is related to:

- 2.2.1. The impact of special achievements on business;
- 2.2.2. The implementation of DelfinGroup strategy;
- 2.2.3. The fulfilment of the overall objectives set by the Management board, as well as the objectives and key performance indicators (KPIs) of individual employees;
- 2.2.4. DelfinGroup’s financial results, including profits.

2.3. To achieve a competitive, market-conforming and motivating determination of remuneration, the Personnel Development 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. Management board is responsible for the compliance of remuneration of each employee and official with the Remuneration Policy.
- 2.5. If the total amount of the annual bonus exceeds 25,000 euros per year, then the Management board needs the supervisory board's approval for the payment of such a bonus.
- 2.6. Bonuses of employees can be paid monthly, quarterly or annually.
- 2.7. Salary can be reviewed once a year or more often, if the Management board believes this is required, per the Remuneration Procedure.
- 2.8. The Personnel Department monitors compliance with the principles of employee remuneration.
- 2.9. Remuneration and bonus (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. Salary or time remuneration and a bonus are determined for Management board members, and other benefits are provided.
- 3.3. When determining time 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 bonus for Management board members shall be determined in an amount not exceeding 100% of the amount of time remuneration. The bonus amount 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's financial results, including profits.
- 3.5. A bonus can be paid for annual and/or quarterly results by the decision of the supervisory board.
- 3.6. The supervisory board may reduce or not pay bonuses if DelfinGroup's 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 bonus 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 bonus paid if the information based on which the decision to pay the bonus was made, was not correct.
- 3.9. In addition to time remuneration, as well as the bonus, the supervisory board may set other benefits for Management board members:
- 3.9.1. A bonus for the 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. once a year the supervisory board approves the package of other rational benefits with the total budget not exceeding 5% of the amount of time 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 time 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 or bonus 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 time wage 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 per 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. After coordination with the Remuneration and Nomination Committee, the Remuneration Policy is reviewed by the Supervisory Board. Management Board is responsible for developing and approving proper internal remuneration procedures and their implementation. Implementation of the remuneration policy is supervised by the supervisory board of the company. Once a year the Management board prepares and submits for review to the supervisory board the information on remuneration granted to each existing and former Management board and supervisory board member and employee.
- 5.2. The Risk and Audit Committee of the Supervisory Board audits the bonus paid once a year.
- 5.3. The remuneration policy is approved by the shareholders' meeting.
- 5.4. The Management board and the supervisory board shall ensure that the remuneration of the Management board and supervisory board members is determined by the Remuneration policy.
- 5.5. Management board of DelfinGroup shall:
- 5.5.1. update the remuneration policy as necessary, however at least once in 3 years;
 - 5.5.2. 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 decides on the remuneration policy).
 - 5.5.3. 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 considers the vote of the shareholders' meeting and shareholders' opinions.
 - 5.5.4. The Management Board prepares and publishes the remuneration report by the requirements of the Financial Instrument Market.