

REMUNERATION POLICY

Objective

The objective of the Policy is to define the approach implemented by the Company in the development and application of its remuneration policy, to ensure that the policy and practices align with prudent and effective risk management and promote it, while also limiting risk-taking beyond the acceptable level set by the Company. Additionally, the Policy ensures the application of a gender-neutral approach in determining remuneration for equal work or work of equal value.

1. DEFINITIONS AND EXPLANATIONS OF TERMS AND ABBREVIATIONS USED IN THE POLICY

Official – A member of the Management Board of the Company.

Variable remuneration component – The portion of remuneration dependent on performance results, paid in monetary form (e.g., bonuses, incentives).

Fixed remuneration component – The portion of remuneration not dependent on performance results (usually salary), which includes mandatory payments required by the Labour Law.

Remuneration – Salary consisting of the fixed remuneration component and the total of any variable components (if applicable to the Company's employees).

Employee - A natural person in an employment relationship with the Company.

Gender-neutral approach – A principle whereby employees must receive equal pay for equal or equivalent work, regardless of gender.

FKTK – Financial and Capital Market Commission.

Group company – The shareholder of the Company's capital.

Regulatory Rules – FKTK Regulation No. 162 of 6 September 2022, "Regulations on the Remuneration Policy and Practices of Investment Brokerage Firms".

Guidelines – Guidelines of the European Banking Authority of 22 November 2021 on sound remuneration policies under Directive (EU) 2019/2034.

Policy – The Company's Remuneration Policy.

Company – SIA "Spirit Capital Investments", reg.Nr. 40203160700.

2. OBJECTIVE AND APPLICATION OF THE REMUNERATION POLICY

- 2.1. The objective of the Company is to attract and motivate highly qualified employees to achieve the Company's overall goals, while balancing this with the risks arising from the costs of providing remuneration. This includes ensuring that the remuneration structure does not promote excessive risk-taking in relation to sustainability risks and that a gender-neutral approach to remuneration is applied in accordance with the requirements of the Regulatory Rules and the Guidelines.
- 2.2. The Company's employees are granted remuneration that is appropriate to their professional qualifications and competitive in the labor market of the Republic of Latvia. The remuneration is directly linked to the individual achievements of the employee in accordance with their job description and the defined individual goals.
- 2.3. When determining employee remuneration, and applying a gender-neutral approach, the Company considers the following additional aspects:
 - 2.3.1. educational, professional and training requirements, skills, efforts and responsibilities, the nature of the work performed and the nature of the respective tasks;
 - 2.3.2. the place of employment and the local cost of living;
 - 2.3.3. the hierarchical level of staff and whether the employee has managerial responsibilities;
 - 2.3.4. the employee's level of formal education;
 - 2.3.5. shortages in the labour market for specialized positions;
 - 2.3.6. the type of employment contract, including whether it is temporary or permanent;
 - 2.3.7. the duration of the employee's professional experience;
 - 2.3.8. the employee's professional certifications.
- 2.4. Based on the risks that may arise from disproportionate remuneration costs, the Company shall:
 - 2.4.1. develop internal regulations describing the career development levels of employees and contracted staff;
 - 2.4.2. define criteria for achieving the next level of professional career;
 - 2.4.3. clearly and unambiguously describe the variable amount of the remuneration for each level of professional career.
- 2.5. For each position that influences the Company's risk profile, a proportionate ratio between the fixed and variable components of remuneration (if applicable), as well as the structure and maximum limit of the variable component, shall be determined, considering the specifics and conditions of the relevant area of operation.
- 2.6. Employee performance evaluations shall be documented using clearly separated financial and non-financial indicators, providing a transparent view of the methodology used to assess individual performance and determine remuneration.

- 2.7. The Company ensures that the Policy and its core principles are reviewed regularly, at least once per year or as needed, to ensure alignment with the Company's current operations, considering its development strategy and external influencing factors.

3. RESPONSIBILITY AND DUTIES

- 3.1. The Management Board of the Company shall be responsible for:
 - 3.1.1. determining the fundamental principles of the Policy, approving this Policy, ensuring compliance with its principles, and overseeing its implementation;
 - 3.1.2. ensuring that, in developing the remuneration system, consideration is given to risks, capital, liquidity, and the potential for profit generation;
 - 3.1.3. setting the fixed component of remuneration for the Company's employees;
 - 3.1.4. informing employees of the performance indicators and methodologies used to evaluate their performance and determine the variable component of remuneration;
 - 3.1.5. defining the procedure for identifying positions that influence the risk profile, approving the results of the assessment, and overseeing the process.
- 3.2. Function managers, where necessary and based on the considerations and internal documents established by the Company's Management Board, shall inform employees about the implementation of the Company's remuneration policy and the principles applied in determining remuneration.
- 3.3. The legal support officer or another control function shall be responsible for evaluating the compliance of the Policy and practice with external legal acts, as well as for establishing and/or performing control measures to ensure compliance with the requirements set out in the Policy.
- 3.4. The internal audit function, in accordance with the approved audit plan and at least once per year, shall review and evaluate compliance with the core principles of remuneration as established by this Policy.

4. DETERMINATION OF THE FIXED COMPONENT OF REMUNERATION

- 4.1. The Management Board of the Company determines the job groups and the fixed remuneration ranges for each of them, considering reliable and available labor market remuneration data.
- 4.2. The fixed remuneration for each employee is determined individually, based on the responsibilities and experience entrusted to the employee, and within the fixed remuneration range applicable to the employee's job group.
- 4.3. The Management Board has the authority to determine the cases in which an employee's fixed remuneration may exceed the maximum or fall below the minimum limit set for the respective job group.
- 4.4. In determining fixed remuneration, the Company considers:
 - 4.4.1. the Employee's professional experience and responsibilities;

- 4.4.2. the level of education;
 - 4.4.3. employment history;
 - 4.4.4. the level of knowledge and skills;
 - 4.4.5. limitations such as social, economic, cultural, and other relevant factors;
 - 4.4.6. work experience;
 - 4.4.7. remuneration levels in the relevant business sector and geographic location.
- 4.5. Employees and officials shall be paid remuneration in line with their professional qualifications, competitive in the Latvian labor market, and directly linked to their individual performance, according to the job description and individual goals.
- 4.6. Employee remuneration is approved by the Management Board.
- 4.7. Remuneration is reviewed once per year in conjunction with the annual performance evaluation. When reviewing remuneration, the Company considers the employee's or official's individual performance, the overall performance of the Company in achieving strategic, financial, and ESG objectives, as well as labor market conditions and trends.
- 4.8. Decisions on the determination and payment procedure of remuneration shall be documented.

5. DETERMINATION OF THE VARIABLE COMPONENT OF REMUNERATION

- 5.1. The variable component of remuneration is determined based on the Company's short- and long-term goals, financial and non-financial indicators, the risks undertaken by the employee or official, and the individual performance of employees or officials.
- 5.2. Before rewarding the variable component, the Company assesses financial and reputational risks. It also evaluates individual quantitative and qualitative indicators of employees and officials (e.g., compliance with internal rules, service quality, etc.).
- 5.3. When determining the variable remuneration of employees and their managers who do not hold positions affecting the risk profile, the Company follows these principles:
- 5.3.1. Variable remuneration is intended to motivate employees to achieve the Company's goals and to reward them for their results;
 - 5.3.2. The variable remuneration may not exceed 500% of the employee's annual fixed monthly salary;
 - 5.3.3. The amount of variable remuneration is based on individual performance. For managers, team results are also considered. Assessment criteria include:
 - 5.3.3.1. Quantitative criteria - number of clients attracted and volume of Company services sold;
 - 5.3.3.2. Qualitative criteria - compliance with internal regulations, customer satisfaction survey results, received feedback or complaints from clients and colleagues.

- 5.4. For officials and employees in positions affecting the risk profile:
 - 5.4.1. Variable remuneration may only be awarded in the following cases:
 - 5.4.1.1. As compensation for compliance with non-compete obligations upon termination of employment or legal relationship, not exceeding 100% of the fixed remuneration received in the previous year;
 - 5.4.1.2. As severance pay exceeding the statutory amount, not exceeding six months of the employee's fixed remuneration;
 - 5.4.2. If the position, and the experience and information obtained through its performance, are important to the Company, a non-compete clause may be agreed upon at the time of entering into the agreement, providing for reasonable compensation, not exceeding 100% of the previous year's fixed remuneration. The amount, basis, payment terms, and duration of the non-compete obligation shall be defined in the employment or service contract.
- 5.5. Variable remuneration may be reduced, deferred, or cancelled if:
 - 5.5.1. errors, shortcomings, or misconduct are identified during employment or legal relationship;
 - 5.5.2. the employee or official acts in contradiction to the Company's Code of Ethics or strategic (including ESG) goals;
 - 5.5.3. the Company's financial performance deteriorates or is negative;
 - 5.5.4. risks related to performance outcomes, capital strengthening, or liquidity expenditures are considered.
- 5.6. Guaranteed variable remuneration is not applied.

6. PERFORMANCE EVALUATION

- 6.1. Performance evaluation is a management-led process during which an official and/or manager together with the employee assess performance and set goals for the next evaluation period.
- 6.2. The evaluation period is one year unless otherwise agreed between the employee and their manager.
- 6.3. For employees not in risk profile positions, suitability and performance are evaluated based on:
 - 6.3.1. fixed remuneration criteria:
 - 6.3.1.1. education and qualification alignment with job requirements;
 - 6.3.1.2. professional experience relevant to the job;
 - 6.3.1.3. theoretical and practical knowledge in risk management (if required);
 - 6.3.1.4. compliance with the fit and proper reputation;
 - 6.3.1.5. competence level appropriate to the position.
 - 6.3.2. variable remuneration criteria:
 - 6.3.2.1. annually defined qualitative and quantitative performance results per position.

6.4. For employees in risk profile positions, suitability and performance are evaluated based on:

6.4.1. fixed remuneration criteria:

- 6.4.1.1. education and qualification aligned with job description;
- 6.4.1.2. strategic planning and risk management experience;
- 6.4.1.3. competence in institutional management and operational/compliance risk analysis;
- 6.4.1.4. compliance with the fit and proper reputation;
- 6.4.1.5. ability to make independent decisions;
- 6.4.1.6. ability to dedicate sufficient time to duties.

6.4.2. variable remuneration criteria:

- 6.4.2.1. achievement of goals in compliance with laws, internal rules, and the Code of Ethics;
- 6.4.2.2. fulfilment of job duties;
- 6.4.2.3. compliance with performance indicators set individually for the position.

7. PROCEDURE FOR THE SELECTION OF OFFICIALS, KEY FUNCTION HOLDERS, AND EMPLOYEES

7.1. The Company's Management Board is responsible for overseeing the selection of key function holders and employees.

7.2. The Group company's management is responsible for overseeing the selection of candidates for official positions.

7.3. Minimum recruitment requirements:

- 7.3.1. Verify the candidate's suitability based on their education and experience relative to the job description and minimum requirements;
- 7.3.2. Verify the candidate's reputation through publicly available information and interviews with at least two former colleagues or supervisors;
- 7.3.3. Prior to employment, verify the factual accuracy of education and work experience stated in the candidate's CV.

7.4. The Company ensures that prior to appointing officials, a fitness and propriety assessment is conducted, and the candidacy is coordinated with the Bank of Latvia, in accordance with applicable laws and regulations.

8. SUSTAINABILITY FACTORS AND RISKS

8.1. In accordance with the Company's Sustainability Risk Integration Policy, the Company applies a gender-neutral approach when determining remuneration and considers employees' education, qualifications, health status, and environmental, social, and governance (ESG) factors.

8.2. The Company evaluates the risks of failing to comply with ESG factors in remuneration decisions and ensures such risks are avoided.

9. GENDER-NEUTRAL APPROACH TO REMUNERATION

- 9.1. The Company ensures a gender-neutral approach in determining remuneration, including remuneration allocation, payment conditions, and career advancement criteria.
- 9.2. To ensure a gender-neutral approach, the Company documents employee job groups, defines remuneration categories, and determines which positions are considered of equal value in terms of remuneration, based on assigned duties and responsibilities.
- 9.3. The Company implements a practical classification system for professions to prevent discrimination, including discrimination based on gender.

10. PREVENTION OF CONFLICTS OF INTEREST

- 10.1. The Company ensures that remuneration of employees and/or officials does not conflict with the interests of clients, investors, or other stakeholders.
- 10.2. The Company implements the Policy in a way that prevents and mitigates conflicts of interest, in accordance with the Company's Conflict of Interest Prevention Policy and Code of Ethics.
- 10.3. Officials and other employees of the Company are prohibited from determining or participating in decisions regarding their own remuneration.

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