

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 Labor 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.

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

Regulatory Rules – Regulation of Bank of Latvia No. 323 of 14 October 2024, "Regulations on the Remuneration Policy and Practices of Investment Brokerage Firms".

Policy – The Company's Remuneration Policy.

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

2. OBJECTIVE AND APPLICATION OF THE REMUNERATION POLICY

2.1. In developing and implementing the Policy, the Company complies not only with the applicable regulatory requirements but also with Regulation (EU) 2017/565 of the European Parliament and of the Council, which supplements Directive 2014/65/EU (MiFID II), including requirements to align remuneration structures with the duty to act in clients' best interests and to avoid excessive risk-taking.

- 2.2. 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.
- 2.3. 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.
- 2.4. When determining employee remuneration, and applying a gender-neutral approach, the Company considers the following additional aspects:
 - 2.4.1. educational, professional and training requirements, skills, efforts and responsibilities, the nature of the work performed and the nature of the respective tasks;
 - 2.4.2. the place of employment and the local cost of living;
 - 2.4.3. the hierarchical level of staff and whether the employee has managerial responsibilities;
 - 2.4.4. the employee's level of formal education;
 - 2.4.5. shortages in the labor market for specialized positions;
 - 2.4.6. the type of employment contract, including whether it is temporary or permanent;
 - 2.4.7. the duration of the employee's professional experience;
 - 2.4.8. the employee's professional certifications.
- 2.5. Taking into account the risks that may arise from disproportionate costs associated with the provision of remuneration, the Company develops and maintains an internal document titled "*Principles for Determining Fixed Remuneration*", which sets out the remuneration levels, achievement criteria, and the amounts of the fixed component of remuneration.
- 2.6. The Company identifies positions that have a material impact on its risk profile in accordance with Regulation (EU) No 2017/565 and the relevant ESMA Guidelines.
- 2.7. Procedure for identifying positions that have a material impact on the risk profile:
 - 2.7.1. The Management Board conducts an annual assessment of positions based on defined criteria (including, inter alia, impact on risk management and participation in strategic decision-making);
 - 2.7.2. The results of the assessment are approved at a meeting of the Company's Management Board and duly recorded in the minutes thereof.
- 2.8. Considering the principle of proportionality, the Company's small size and low risk profile, no variable component of remuneration is established or applied. Consequently, for positions having a material impact on the Company's risk profile, no ratio between the fixed and variable components of remuneration

is determined, nor are the structure and maximum limit of the variable component defined.

- 2.9. The Company applies the principle of proportionality when determining the scope of application of the Remuneration Policy requirements, considering the size of the Company's operations, its organizational complexity, the nature of the investment services provided, its risk profile, and the specific characteristics of its strategic objectives.
- 2.10. The Policy shall be reviewed at least annually, or more frequently where material changes have occurred in the Company's operations, organizational structure, investment services provided, risk profile, or remuneration approach. Such review shall be carried out within 30 (thirty) days following the entry into force or adoption of the relevant decision to implement such changes.

3. RESPONSIBILITY AND DUTIES

- 3.1. The Management Board of the Company shall be responsible for:
 - 3.1.1. Establishing the fundamental principles of the Policy, approving this Policy, ensuring adherence to its core principles, and overseeing its compliance and implementation, with the involvement of the Head of Compliance and Legal as the holder of the control function. Considering the Company's small size and low risk profile, the control function is exercised at the level of the Management Board without the establishment of a separate independent unit;
 - 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. 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, should inform employees about the implementation of the Company's Remuneration policy and the principles applied in determining Remuneration.
- 3.3. The Head of Compliance and Legal is responsible for assessing the compliance of the Policy and related practices with applicable external laws and regulations, as well as for determining and/or carrying out control measures to verify that the requirements set out in the Policy are duly observed. The involvement of the control function in the development and review of the Policy shall be recorded in the minutes of the Company's Management Board meeting.
- 3.4. The remuneration of the Head of Compliance and Legal shall be determined independently of the performance of the organizational units or business areas that he or she supervises or controls and shall not be directly or indirectly linked to the commercial results or financial performance of the controlled functions.

- 3.5. Considering the Company's small size, low risk profile, and the application of a fixed remuneration structure only, compliance with the fundamental principles of the Policy shall be assessed at the level of the Management Board at least annually. The assessment shall be based on the self-assessment questionnaire (Annex No. 1), and its results shall be recorded in the minutes of the Company's Management Board meeting.

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 component of remuneration shall be determined based on the following principles:
 - 4.2.1. professional experience;
 - 4.2.2. education and professional skills;
 - 4.2.3. labor market conditions;
 - 4.2.4. other factors.
- 4.3. The fixed component of remuneration shall be determined individually for each Employee, considering the responsibilities entrusted to the Employee, as well as the Employee's competence and experience, while observing the established fixed remuneration ranges applicable to the respective position group.
- 4.4. The Management Board of the Company is authorized to determine the cases in which it is permissible to set the fixed component of remuneration for an Employee above the maximum or below the minimum of the fixed remuneration range established for the relevant position group.
- 4.5. In determining fixed remuneration, the Company considers:
 - 4.5.1. the Employee's professional experience and responsibilities;
 - 4.5.2. the level of education;
 - 4.5.3. employment history;
 - 4.5.4. the level of knowledge and skills;
 - 4.5.5. limitations such as social, economic, cultural, and other relevant factors;
 - 4.5.6. work experience;
 - 4.5.7. remuneration levels in the relevant business sector and geographic location.
- 4.6. 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.
- 4.7. Employee Remuneration is approved by the Management Board.
- 4.8. Remuneration shall be reviewed annually. When reviewing the remuneration of Employees and Members of the Management Board, the Company shall consider the overall performance of the Company in achieving its strategic, financial and ESG objectives, labor market conditions and trends, as well as the overall contribution of the Employee or Management Board member and their compliance with the requirements of the respective position.

- 4.9. Decisions on the determination and payment procedure of remuneration shall be documented.

5. DETERMINATION OF THE VARIABLE COMPONENT OF REMUNERATION

- 5.1. The Company does not apply a variable component of remuneration, considering its small size, low risk profile, and the practice of applying fixed remuneration only. Consequently, no quantitative or qualitative criteria, weightings, ex-post adjustment mechanisms, deferral arrangements, or variable remuneration amounts by career level are defined.
- 5.2. Should the Company's approach to the determination of the variable component of remuneration change, the Policy shall be amended accordingly.

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

- 6.1. The Company's Management Board is responsible for overseeing the selection of key function holders and employees.
- 6.2. The Group company's management is responsible for overseeing the selection of candidates for Official positions.
- 6.3. Minimum recruitment requirements:
 - 6.3.1. Verify the candidate's suitability based on their education and experience relative to the job description and minimum requirements;
 - 6.3.2. Verify the candidate's reputation through publicly available information and interviews with at least two former colleagues or supervisors;
 - 6.3.3. Prior to employment, verify the factual accuracy of education and work experience stated in the candidate's CV.
- 6.4. 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.

7. SUSTAINABILITY FACTORS AND RISKS

- 7.1. 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.
- 7.2. The Company evaluates the risks of failing to comply with ESG factors in remuneration decisions and ensures such risks are avoided.

8. GENDER-NEUTRAL APPROACH TO REMUNERATION

- 8.1. The Company ensures a gender-neutral approach in determining remuneration, including remuneration allocation, payment conditions, and career advancement criteria.
- 8.2. 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.

- 8.3. The Company implements a practical classification system for professions to prevent discrimination, including discrimination based on gender.

9. PREVENTION OF CONFLICTS OF INTEREST

- 9.1. The Company ensures that the Policy does not promote any practices or actions that could give rise to conflicts of interest with clients or undermine the priority of clients' interests. In assessing the performance of Employees and Members of the Management Board, no indicators are used that could incentivize unethical conduct or actions detrimental to clients' interests.
- 9.2. The Company ensures that remuneration of employees and/or Officials does not conflict with the interests of clients, investors, or other stakeholders.
- 9.3. When introducing new products or services, the Company shall assess and document whether the remuneration aspects (including any linkage of fixed remuneration to distribution activities) are consistent with the Policy and do not give rise to conflicts of interest or professional conduct risks.
- 9.4. 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.
- 9.5. Officials and other employees of the Company are prohibited from determining or participating in decisions regarding their own remuneration.

Document version development table

Version	Effective date	Summary of changes	No.of pages
1.0	15.05.2024.	Initial edition	7
1.1	15.05.2025	Amendments	7
1.2	24.02.2026	Amendments	6

Organizational provisions of the document

Owner	Head of Compliance and Legal
Review frequency	Once a year
Access rights and Confidentiality level	Public