

# NBI REMUNERATION POLICY

Approved by the Board of Directors  
on December 23, 2022

NBI Investments Limited («NBI», the «Company») is a Cypriot Investment Firm established in accordance with the laws of the Republic of Cyprus and authorized and regulated in Cyprus by the Cyprus Securities and Exchange Commission (hereinafter referred to as «CySec») and subject to CySEC rules, with CIF license number 162/12.

As from November 2021 the Company must comply with the provisions of Law 165(I)/2021 on the Prudential Supervision of Investment Firms, regarding the remuneration policies (paragraph 24) and variable elements of remuneration (paragraph 26) (the «Law»).

The provisions of the Law specify how the policies and variable remuneration to identified staff should be applied, and specify the sound and gender-neutral remuneration policies that CIFs should have in place for all staff and for staff whose professional activities have a material impact on the risk profile of CIFs or the assets they manage and facilitate the implementation of the derogations under section 26(8)-(10) of the Law.

This Remuneration Policy (the «RP») of NBI is a document which sets the foundations and principles for establishing remunerations within the Company, how the Policy should be applied and followed. The Company believes that remuneration should as far as possible be individually designed and with that encourage employees to perform according to the Company's goals, strategy and vision. The remuneration should also be gender-neutral, and encourage employees to act according to the Company's values: simplicity, care and openness, since this is considered to be the foundation for a successful and long term business. Further, the total remuneration should be designed in a way that makes the Company attract employees with the needed skills within the existing margins of costs. The Policy is drafted in accordance with requirements of the regulations of the Cyprus Securities and Exchange Commission and other competent authorities of European Union. This Policy is applicable to all employees of the Company.

The Board of Directors may deviate from the Policy in individual cases if justified by extraordinary circumstances. Such circumstances may include the outstanding performance of an employee in contribution to the Company's overall results for a certain period.

## PURPOSE

The purpose of the Policy is to promote sound and dynamic performance culture, efficient risk management, counteract excessive risk-taking and encourage appropriate behaviour and balanced risk taking among employees for the benefit of clients.

The Policy reflects the Company's business strategy, objectives for good corporate governance as well as sustained and long-term value creation and avoidance conflicts of interest. In addition, it ensures that:

- The Company is able to attract, develop and retain high-performing and motivated employees in a competitive market,
- Employees are offered a competitive remuneration package,
- Employees feel encouraged to create sustainable results.

The Policy focuses on ensuring sound and effective risk management and counteracting excessive risk-taking through:

- A stringent governance structure for setting goals and communicating these goals to employees,
- Making fixed salaries the main remuneration component.

The total remuneration reflects the complexity, responsibility and leadership skills required in each position as well as the performance of the individual employee.

The basic principles of this Policy are designed to implement the following:

- It is aligned with effective conflicts of interest management duties, which include the avoidance of conflicts of interests created by the remuneration policies and practices and conduct of business risk management obligations, in order to ensure that Clients' interests are not impaired by any of the remuneration practices used by the Company in the short, medium and long term;
- None of these principles may create incentives that may lead any of the Company's employees to favour their own interest, or the Investment Firm's to the potential detriment of Clients;
- In establishing its remuneration practices, the Company has considered different relevant factors such as, but not limited to, the role performed by the employee, the type of products offered, and the methods of distribution in order to prevent potential conduct of business and conflict of interest risks from adversely affecting the interests of the Clients and to ensure that the Company adequately manages any related residual risk;
- In determining the performance of the employees, the Company shall also take into consideration the outcome of their activities in terms of compliance with the conduct of business rules and, in general, with the duty to care about the best interests of the Clients.
- These principles of remuneration policies and practices are approved by the Board of Directors of the Company, after the advice from the Compliance Department, and are implemented by appropriate functions to promote effective corporate governance. The Board of Directors is responsible for the implementation of remuneration policies and practices and for preventing and dealing with any relevant risks that remuneration policies and practices can create.
- The Company has implemented and maintains on an ongoing basis measures enabling it to effectively identify where the employee fails to act in the best interests of the Clients and to take remedial action. Such measures include the daily monitoring of activities of the Company's Departments by the Risk Manager and by the members of the Supervisory Board.

## **REMUNERATION POLICY REQUIREMENTS (EXTRACTS FROM THE LAW)**

In accordance with Article 30 of Directive (EU) 2019/2034 (IFD), it must be ensured that the fixed and variable components of total remuneration are set in a way that allows a fully flexible policy on variable remuneration and reflects the business strategy of the investment firm and associated risks. Remuneration is either fixed or variable; there is no third category of remuneration. A clear distinction between those two types of remuneration is necessary to ensure that compliance with requirements on the variable remuneration of identified staff can be monitored and supervised. The Company when establishing and applying the total remuneration policies, inclusive of salaries and discretionary pension benefits, for categories of staff including senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, must comply with the following principles in a manner and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:

1. The RP is clearly documented and proportionate to the size, internal organisation, and nature, as well as to the scope and complexity of the activities of the Company;
2. The RP is gender-neutral;

3. The RP is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the CIF;
4. The RP is in line with the business strategy, objectives, values and long-term interests of the CIF, and incorporates measures to avoid conflicts of interest;
5. The CIF's board of directors adopts and periodically reviews the general principles of the RP and is responsible for overseeing its implementation;
6. The implementation of the RP is, periodically, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the Board of Directors;
7. Staff engaged in control functions independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;
8. The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the board of directors;
9. The RP, taking into account national criteria on wage setting, makes a clear distinction between criteria for setting:
  - a) Basic fixed remuneration, which should primarily reflect relevant professional experience and organisational responsibility as set out in an employee's job description as part of the terms of employment; and
  - b) Variable remuneration which should reflect a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment.
10. The fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration components, including the possibility of paying no variable remuneration component. For this purpose, the Company has set the appropriate ratios between the variable and the fixed component of the total remuneration at XX%.

The fixed remuneration of staff should also take into account the level of education, the degree of seniority, the level of expertise and skills, the constraints (e.g. social, economic, cultural or other relevant factors) and job experience, the relevant business activity and remuneration level of the geographical location. The fixed remuneration should be gender neutral in the same way as the variable remuneration.

Variable Elements of Remuneration: For variable elements of remuneration, the following principles shall apply in addition to, and under the same conditions as, those set out in 1 through 10 above:

1. Where variable remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the CIF and when assessing individual performance, financial and non-financial criteria are taken into account;
2. The assessment of the performance is set in a multi-year framework in order to ensure that the assessment process is based on long-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the CIF and its business risks;
3. The total variable remuneration does not limit the ability of the CIF to strengthen its capital base;

4. Guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and shall not be a part of prospective remuneration plans;
5. Guaranteed variable remuneration is exceptional, occurs only when hiring new staff and where the CIF has a sound and strong capital base and is limited to the first year of employment;
6. Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
7. CIFs must set the appropriate ratios between the fixed and the variable component of the total remuneration, whereby the following principles shall apply:
  - a) The variable component shall not exceed 100% of the fixed component of the total remuneration for each individual.
  - b) Shareholders of the CIF may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200% of the fixed component of the total remuneration for each individual unless exceptional circumstances prevail.
  - c) The percentage stated in point 7(b) above does not apply in the case of cross-selling of products offered by the CIF, where a non-management level employee can be entitled to receive a bonus in excess of 200% following the approval of the Board of Director and Shareholders with at least 75% of the votes in each case.

The CIF must notify all shareholders of the CIF, providing a reasonable notice period in advance, that an approval under point 7(b) will be sought;

1. The CIF must, without delay, inform the Commission of the recommendation to its shareholders, including the proposed higher maximum ratio and the reasons therefore and must be able to demonstrate to the Commission that the proposed higher ratio does not conflict with the CIF's obligations under this Directive and under Regulation (EU) No 575/2013, having regard in particular to the CIF's own funds obligations;
2. The CIF must, without delay, inform the Commission of the decisions taken by its shareholders, including any approved higher maximum ratio pursuant to point 7(b), and the Commission must use the information received to benchmark the practices of CIFs in that regard. The Commission shall provide EBA with that information and EBA shall publish it on an aggregate home Member State basis in a common reporting format;
3. Staff who are directly concerned by the higher maximum levels of variable remuneration referred to in point 7(b) of this paragraph must not, where applicable, be allowed to exercise, directly or indirectly, any voting rights they may have as shareholders;
4. CIFs may apply a discount rate to a maximum of 25% of total variable remuneration provided it is paid in instruments that are deferred for a period of not less than five years.
5. Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct;
6. Remuneration packages relating to compensation or buy out from contracts in previous employment must align with the long-term interests of the CIF including retention, deferral, performance and clawback arrangements;

7. The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes an adjustment for all types of current and future risks and takes into account the cost of the capital and the liquidity required;
8. The allocation of the variable remuneration components within the CIF must also take into account all types of current and future risks;
9. Staff members are required to undertake not to use personal hedging strategies or remuneration- and liability- related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
10. Variable remuneration is not paid through vehicles or methods that facilitate the noncompliance with this Directive or Regulation (EU) No 575/2013.

## **INTERNAL GOVERNANCE**

The Board of Directors monitors compliance with the Policy and reviews it once a year or at more frequent time as necessary.

The Company's Board of Directors is responsible for the effective implementation of the Policy, as well as identifying and defining employees whose actions can have a material impact on the Company.

The remuneration of employees, including those performing the Risk Management function, is directly overseen by the Board of Directors within the existing margins of employment costs. The functions of Legal Compliance and Internal Audit, which are currently outsourced, are remunerated basing on the analysis of the current market data for costs for performance of such functions.

The remuneration of the Directors of the Company is directly overseen by the Board of Directors.

The remuneration of risk takers and employees in control functions, such as employees dealing in and approving financial instruments, risk management and compliance, are subject to the stricter remuneration conditions.

The Board of Directors on an annual basis or at other time as necessary evaluates performance of the individual employee and is entitled to adjust the fixed salary within the existing margins of employment costs related to a particular position.

## **CONTROL OF RISKS**

- The Company has set adequate controls for compliance with its remuneration policies and practices in order to ensure that they deliver the intended outcomes. These controls are implemented on various management and administrative levels and are subject to periodic review. Such controls include assessment of the quality of the service provided to the Client, checks of suitability of Client portfolios, as well as going through other client documentation on a regular basis.

- Where potential or actual Client detriment might arise as a result of specific features in remuneration policies and practices, the Company shall take appropriate steps to manage potential conduct of business and conflict of interest risks by reviewing and/ or amending these specific features, and set up appropriate controls and reporting mechanisms for taking appropriate action to mitigate potential conduct of business and conflict of interest risks.
- The Company has appropriate and transparent reporting lines aimed at assistance in handling issues involving risks of non-compliance with the applicable legislation relating to the conflicts of interest and conduct of business requirements under the applicable laws.
- The Compliance Department is involved in the design process of remuneration policies and practices before they are applied to the employees of the Company. In order to control the design of remuneration policies and practices and the approval process for these, the Compliance Department shall verify that the Company complies with the conduct of business and conflicts of interest requirements under the applicable legislation, and shall have access to all relevant documents. Employees engaged in Compliance Function are independent from the business units they oversee, they have appropriate authority, and are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.
- The Company's remuneration policies and practices are designed to benefit from the full support of senior management or, where appropriate, the supervisory function, so that necessary steps can be taken to ensure that the employees effectively comply with the conflicts of interest and conduct of business policies and procedures.
- When outsourcing the provision of investment services, the Company considers the best interests of its Clients. Where the Company would be considering the engagement of another for the provision of services, it shall check that the other company's remuneration policies and practices follow an approach consistent with the present Policy.

## COMPANY REMUNERATION PROCEDURES

### I. Executive / Managing Directors and Senior Management Personnel

Fixed remuneration: Executive Directors and Senior Management shall be eligible for an annual remuneration paid in 13 instalments as may approved by the Board of Directors always taking into consideration the scale and complexity of the company's operations, prevailing market conditions and geographical area of operation.

Management may recommend increments to the existing remuneration structure and the shareholders may approve them. The fixed remuneration will include any statutory contributions (such as social insurance) by the employee.

Variable remuneration: A performance-based remuneration might be given should the Company's performance be deemed satisfactory to the shareholders or their representatives.

### II. Non-Executive / Independent Director

The Non-Executive / Independent Directors may receive a yearly remuneration by way of Director's fees invoiced to the Company. All non-executive members will be required to attend Board of Directors meetings at a minimum frequency of twice per year. Attendance via teleconference is accepted in cases where the director cannot appear in person due to overseas travel or other travel limitations.



### III. Employees/other staff

Employees are entitled to both fixed and variable remuneration. For the fixed remuneration, the employees will be entitled to an annual remuneration paid in 13 instalments as may be approved by the Board of Directors. The fixed remuneration will include any statutory contributions (such as social insurance) by the employee.

The variable remuneration will be based on the individual performance of each employee and the Company's performance.

### IV. Performance-based remuneration

It is intended to motivate and reward high performers who strengthen long-term customer relations and generate income and shareholder value. Performance is assessed using a set of both qualitative and quantitative criteria that differ according to the position and responsibilities of the employee concerned. The performance-based remuneration will be given should the Company's performance is deemed satisfactory from the shareholders or their representatives.

#### Medical Insurance

Full reimbursement of the Staff's personal medical insurance will be given should the Company's performance is deemed satisfactory to the shareholders or their representatives.

### V. Mileage allowance

The mileage allowance for domestic business travel is variable and discretionary and is calculated at 35 cents per kilometre.

### VI. Overseas Business Travel Allowance

The employee shall make overseas business trips from time to time, as directed by the Employer when required in connection to the performance of his/her obligations. In the event of overseas business travel, the employee will be entitled to a full business travel reimbursement, within a reasonable range, which may include:

- Accommodation
- Transport
- Leisure Activities
- Food & Beverages

### VII. Trainings/Seminars

All staff of the Company, including the Members of the Board will be reimbursed or prepaid to the provider directly for any trainings and or seminars that are directly related to the Company's operations.

### VIII. Other individual benefits

Other individual benefits may be awarded to individuals on a case by case basis.



## REMUNERATION PRACTICES

Remuneration policies and practices implemented in NBI Investments Limited were intentionally simplified to the basic requirements of hiring and maintaining sufficiently professional personnel. For the time being it is based on the fixed salaries. The Board of Directors considers such approach as the most practical on this stage. It corresponds to the scale and complexity of NBI's operations.

After the achievement of the Company's growth later new more stimulating measures (like introduction of the variable component) might be introduced.

## RISK MANAGEMENT FACTORS REGARDING REMUNERATION ISSUES

The risk alignment process includes the performance and risk measurement process, the award process; and the pay-out process. At each stage of the risk alignment process, the variable remuneration should be adjusted for all current and future risks taken. An investment firm should ensure that incentives to take risks are balanced by incentives to manage risk.

The risk management factors regarding remuneration issues considered to be most material which the Company's risk management and internal control system addresses are:

- Risk of falling out of the «golden middle» as far as the existing remuneration levels is concerned;
- Risk of introducing stimulating remuneration practices giving rise to the conflict of interest;
- Operational risk as regards to maintaining key personnel and access to HR pool in case of necessary replacement.

NBI policies and procedures are designed to identify and analyse those and other risks on an on-going basis through monitoring the related risks and improving stability of its operations.

The purpose of managing risks is the prompt identification of any potential problems before they occur.