



**ASBISc Enterprises Plc**

**Remuneration Policy  
for Members of Management Board**

**Version 2020**

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## GENERAL DISPOSITIONS

ASBISC Enterprises Plc. (hereinafter referred to – Company) has designed and integrated a Remuneration Policy for Members of Management Board in line with the provisions on remuneration as set out the Public Offer and the Conditions for Introducing Financial Instruments to the Organized Trading System and Public Companies Act which transpose regulations of Directive (EU) 2017/828, dated 16 October 2019.

This Remuneration Policy for Members of Management Board describes the principles for payment of remuneration to the members of the Management Board.

The overall objective of this Remuneration Policy is to attract, motivate and retain qualified members of Management Board and to align the interests of the Management Board with the interests of the shareholders.

The remuneration for the members of the Management Board for each financial year is to be approved at the Annual General Meeting each year under a separate item on the agenda. The proposal for remuneration of the Board of Directors must be included in the notice convening the Annual General Meeting.

The remuneration for the members of the Management Board should be competitive, but not market-leading, compared to the remuneration paid in other major companies with international activities.

### Remuneration committee

The role of the remuneration committee is to have an appropriate reward policy that attracts, retains and motivates directors to achieve the long-term interests of shareholders.

This definition creates a good balance between the opposing viewpoints of stakeholders.

Objectives of the committee.

The committee is, and is seen to be, independent with access to its own external advice or consultants.

- It has a clear policy on remuneration that is well understood and has the support of shareholders.
- Performance packages produced are aligned with long-term shareholder interests and have challenging targets.
- Reporting is clear, concise and gives the reader of the annual report a bird's-eye view of policy payments and the rationale behind them.

The whole area of executive pay is one where trust must be created or restored through good governance and this is exercised through the use of a remuneration committee.

Responsibilities of the remuneration committee.

- Determine and regularly review the framework, broad policy and specific terms for the remuneration and terms and conditions of employment of the Members of Management Board (including design of targets and any bonus scheme payments).

- Recommend and monitor the level and structure of the remuneration of Members of Management Board.
- Set detailed remuneration for Members of Management Board.
- Ensure that the Members of Management Board are fairly rewarded for their individual contribution to the overall performance of the company.
- Demonstrate to shareholders that the remuneration of the Members of Management Board is set by individuals with no personal interest in the outcome of the decisions of the committee.
- Agree any compensation for loss of office of any Member of Management Board.
- Ensure that provisions regarding disclosure of remuneration are fulfilled.

## **REMUNERATION PRINCIPLES**

In setting remuneration levels, the Remuneration Committee takes into consideration the remuneration practices of other international companies of similar size and scope and trends in executive remuneration generally, in each of the regions in which the Company operates.

The Remuneration structures are designed to drive performance and link reward to the responsibilities and individual contribution of executives, while at the same time reflecting the risk policies of the Group.

Remuneration principles, which provide the basis Remuneration Policy for members of Management Board, are as follows:

- To provide a strong alignment between the achievement of strategic objectives and the delivery of value to shareholders;
- A significant portion of members of Management Board remuneration should be performance related (on both a short- and long-term basis);
- To only deliver significant rewards if and when they are justified by performance;
- To offer competitive and fair rates of pay and benefits to attract and retain the best people while ensuring no discrimination based on gender, race, ethnicity, religion or sexual orientation.
- To offer a remuneration package reasonable with respect to market demands and to their effective dedication, qualification and responsibility;
- The amount of remuneration shall be calculated so that it offers incentives to dedication, but at the same time without constituting an impediment to their independence.

Also takes into account a variety of factors when determining the remuneration policy for members of Management Board

- Company strategy and business objectives
- Pay and employment conditions within the Group
- Investor views
- Comparative market data
- Regulation and corporate governance recommendations

## **MEASURES TO AVOID OR MANAGE CONFLICTS OF INTERESTS**

Measures to avoid conflicts of interest established as the following:

- Members of Management Board have to adopt the necessary measures to avoid situations where their interests, whether for their own or another's account, may come into conflict with the interest of the Company and with his duties to the Company.
- Members of Management Board must report the existence of conflicts of interest to the Company and abstain from participating and intervening in deliberations and voting on resolutions or decisions in which they or a related person have a conflict of interest.
- In any case, situations of conflict of interest to which the Members of Management Board are subject have to be reported in the Annual Report on Corporate Governance and in the notes to the financial statements.
- Members of Management Board must notify the Board of i) any stake they have in the capital of a company performing the same, analogous or complementary activity to the one included in the Company's corporate purpose; ii) the positions and functions they perform in such company and iii) the performance, acting as an independent contractor or employee, of the same, analogous or complementary activity to the one included in the Company's corporate purpose. Said information shall be included in the annual report.

## **SCOPE OF THE POLICY**

The remuneration policy and practice applies to members of the Management Board:

- Executive Directors
  - Chief Executive Officer
  - Chief Risk Management Officer
  - Chief Finance Officer
  - Chief Operational Officer
- NON-Executive directors

## **REMUNERATION STRUCTURE OVERVIEW**

This policy is aimed at aligning remuneration with prudent risk-taking. The design of the remuneration system is consistent with the objectives set out in the Company's strategy and lies in:

- A proper balance of variable to fixed remuneration;
- The measurement of performance.

The Company offers remuneration packages based on the following components:

- Fixed salary;
- Incentive pay;
- Benefits;
- Employees Provident Fund.

The fixed and variable components of total remuneration must be appropriately balanced.

## **FIXED SALARY**

Fixed salaries are set by the Committee taking into account:

- the size and scope of the Members of the Management Board responsibilities;

- the individual's skills, experience and performance;
- salary levels at companies of a similar size and complexity, and other international distributors of Information and Communications Technology products and solutions;
- working conditions and salaries of employees of the Company other than Members of the Management Board

The fixed salary 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. The aim with the fixed salary of the management board is to attract and retain the best qualified members. Fixed salary is determined based on market standards and the Company's specific needs, it reflects the individual's role, experience, responsibility and performance.

Fixed salary is considered on a regular basis in light of economic climate, market conditions, Company performance, the individual's role, skills and remit, and increases elsewhere in the Company.

The Management Board evaluate the fixed salary annually based on the results from the previous period and with due consideration to the trend within the market standards.

Executive Directors get 13 fixed month salary per year; NON-Executive directors get 12 fixed month salary per year.

Members of the Management Board	Chief Executive Officer	Chief Risk Management Officer	Chief Finance Officer	Chief Operational Officer	NON-Executive directors
The level of total pay	45%	74%	76%	97%	100%

## INCENTIVE PAY

Remuneration includes a variable element, awarded is based on performance criteria, the remuneration is reasonable, structured in such a way as to achieve a fair balance between fixed and variable elements and it is line with the business strategy, market condition and the specific environment in which the company operates.

The total amount of remuneration is based on a combination of the assessment of the performance of the individual and, in exceptional cases, the funds concerned and of the overall results of the Company.

The variable remuneration is paid only if it is sustainable according to the financial situation of the Company as a whole, and justified according to the performance of the business unit, the fund and the individual concerned.

To drive and reward performance against quarterly financial, non-financial and personal objectives, which are consistent with the strategy and aligned to shareholder interests, for Chief Executive Officer, Chief Risk Management Officer, Chief Finance Officer Company considers it expedient to set up Management objective bonuses, which depend on the achievement of quarterly SMAPT tasks. The maximum level is up to approximately 7% of

the Chief Executive Officer's total pay and up to 5% of the Chief Risk Management Officer's and Chief Finance Officer's total pay.

NP Bonus calculated as % from achieved NP target is set for Chief Risk Management Officer and Chief Finance Officer. The maximum level is up to 11% of the Chief Risk Management Officer's and Chief Finance Officer's total pay.

Net Profit commissions calculated as % from Profit after Tax is set for Chief Executive Officer. The maximum level is up to approximately 44% of the Chief Executive Officer's total pay.

In the selection of performance measures the Nominations and Remuneration Committee takes into account the Group's strategic objectives and short and long-term business priorities.

The performance targets are set in accordance with the Group's operating plan and are reviewed annually to ensure that they are sufficiently stretching. In selecting the targets the Nominations and Remuneration Committee also takes into account analysts' forecasts, economic conditions and the Committee's expectation of performance over the relevant period.

Targets (SMART tasks and NP Bonus) related to internal financial metrics are normally set in accordance with the group's budget for the respective year. Targets related to external measures are based on market standards.

For all performance measures, the threshold level of performance reflects the minimum acceptable outcome, and the maximum level of performance represents a very stretching but achievable outcome.

At the end of the performance period the Nominations and Remuneration Committee may review performance against targets. This is important to ensure that the final assessments of performance are appropriate and fair.

The Nominations and Remuneration Committee ensure that, in addition to the level of achievement of the objectives, the final incentive payment or vesting will also consider, among other factors, the Company's strategy or the risk taken. Following this review the Nominations and Remuneration Committee could adjust the final payment or vesting upwards or downwards if the circumstance appears to be sufficiently exceptional to justify an appropriate adjustment. Details and an explanation of these adjustments will be included in the corresponding Annual Remuneration Report.

## **BENEFITS**

To provide a market competitive remuneration package, a number of work-related benefits are available to the Executive Directors. In addition to the fixed and incentive pay, the Company offers a range of benefits including:

- Car;
- Phone;
- Medical Insurance.

## **EMPLOYEES PROVIDENT FUND**

Employees Provident Fund is the main scheme under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The scheme is managed under the aegis of Employees' Provident Fund Organization. The members of the Management Board participate in the Employees Provident Fund also. An equal contribution is payable by each employee and Company. It might be 3%, 5%, 7% or 10% from fixed salary. The benefits from the Provident Fund can only be paid to any member of such fund or to the legitimate heirs of the member:

- In case of retirement;
- In case the member becomes permanently incapable for work;
- In case of the death of the member;
- In case of termination of employment of the member;
- In case of dissolution of the fund.

## **DEFERRAL AND CLAWBACK CLAUSES**

Deferral and clawback aligned with the best practices in corporate governance and incorporating the technical safeguards required to link variable remuneration to the Company's long-term sustainability.

Within three (3) years following the date on which payments have been made for which repayment is claimed, Company may claim from the Members of the Management Board:

- the refund of the amounts paid when they have been calculated based on data whose inaccuracy has subsequently been clearly demonstrated
- the refund of the amounts paid and/or not to pay the amounts to which the Member of the Management Board is entitled, in those cases in which the Member of the Management Board has committed a serious breach in the duties of diligence or loyalty necessary for the exercise of the office held at Company, or for any other serious and culpable breach of the obligations that the Members of the Management Board have assumed by virtue of the contracts signed with Company for the performance of their duties.

## **PENSION**

The members of the Management Board are not entitled to any pension contributions in addition to the fixed annual remuneration and Employees Provident Fund.

## **TERMINATION**

The period for which contracts are concluded with members of the Management Board is 1 year. The Company is entitled to terminate the employment of a member of the Management Board on 2 months' notice. Each member of the Executive Board is entitled to terminate his employment with the Company on 2 months' notice.

## **SEVERANCE PAY**

The service agreements of members of the Management Board don't include a severance pay in the event of dismissal by the Company.