

## **KDPW\_CCP S.A. REMUNERATION POLICY – KEY ASPECTS**

The aim of the remuneration policy is to support the KDPW\_CCP strategy in achieving its business goals, while at the same time meeting the needs of its employees with respect to their financial position, and to align the level and structure of remuneration with the requirements of prudent risk and finance management in the Company.

The rules laid down in the policy apply to the members of the statutory authorities of the Company and to all of its employees.

The Remuneration Policy is a component part of the Company's management rules based on corporate culture which includes ethical values and competences of the personnel, transparent organisational structures, the scope of rights and responsibilities, information channels, control mechanisms and a risk management system.

### **General rules of the remuneration practice:**

- adapting the remuneration system to the Company's corporate strategy, its goals and long-term interests,
- applying an employee incentive program to ensure suitably qualified staff,
- formulating a remuneration policy that aligns the level and structure of remuneration with the requirements of prudent risk and finance management in the Company,
- ensuring that the level of remuneration is adequate for the level of responsibility and aligned to the levels of remuneration in defined areas of business.

**The authorities of the Company:** the General Meeting of Shareholders, the Supervisory Board and the Management Board, within their responsibilities, define the remuneration rules for specific categories of persons. The rules are defined in compliance with internal regulations applicable in the Company.

**The remuneration policy applied in KDPW\_CCP for members of the supervisory body** takes into account the provisions on remuneration rules. In view of the foregoing, the remuneration policy for members of the supervisory body is based on the following principles defined by the General Meeting in a resolution within its powers:

- members of the KDPW\_CCP Supervisory Board are not employed by the Company and they perform their functions by appointment,
- the terms of remuneration of members of the KDPW\_CCP Supervisory Board is are defined by the General Meeting in a resolution,
- the overall amount of the remuneration for members of the KDPW\_CCP Supervisory Board shall be subject to disclosure in the Company's financial statement.

**The remuneration policy for members of the management body** takes into account the provisions on remuneration rules. Members of the Management Board are not employees of the Company and they perform their functions under a management service contract.

Pursuant to the Company Statute, the Management Board of KDPW\_CCP may consist of:

- two persons appointed by the Supervisory Board of KDPW\_CCP to serve as members of the Management Board of KDPW\_CCP from among members of the Management Board of Krajowy Depozyt Papierów Wartościowych S.A.,
- three or four persons, where the Supervisory Board of KDPW\_CCP would appoint at least three persons to serve as members of the Management Board of KDPW\_CCP from among members of the Management Board of Krajowy Depozyt Papierów Wartościowych S.A.,

A member of the Management Board of KDPW\_CCP who is concurrently a member of the Management Board of KDPW will not receive any remuneration for serving on the Management Board of KDPW\_CCP.

**The remuneration rules for employees of KDPW\_CCP S.A. (including employees dedicated to key functions)** are defined by the KDPW\_CCP Management Board. The employee incentive program consists of remuneration and additional benefits, together with the related employee assessment system.

The qualitative (competence) and quantitative (bonus system) appraisal evaluate the professional standards of employees and work-related results achieved as the basis of management decisions including promotion, employee rotation, increase of basic salary, and necessary reductions.

The structure of employee remuneration in the Company will include an adequate proportion of fixed and variable components in line with the rules specified in this Policy. The proportion of fixed and variable components of remuneration will be balanced and risk-adjusted.

In the remuneration system, bonuses retain their efficiency-dependent nature by ensuring that the amount of the bonus award budget pool is correlated with the operational efficiency results. Apart from the financial performance of the Company, the level of individual annual bonus will also depend on the level of the employee's basic remuneration and the level of performance against individually assigned objectives.

Other elements of the remuneration system include: anniversary awards for length of employment served within the Company and severance pay following termination of employment owing to retirement or pension entitlements are paid out in accordance with the rules, depending on the financial resources available to KDPW\_CCP and make up a reasonable proportion of total remuneration costs.

The policy of remunerating employees assigned to key role will ensure their objectivity. The evaluation of such employees' perception of the high professional and personal standards expected of them has a major impact on the ultimate level of their annual bonus.

The additional benefits package, which is supplementary to cash paid, secures the current and future needs of employees, ensuring them membership in a retirement pension scheme and a life insurance program, and providing medical care and other social and welfare benefits.

The overall remuneration of employees is disclosed in the financial statements.

KDPW\_CCP ensures the transparency of remuneration regulations, employee incentive program procedures and bonus award rules, making them available to all employees on the internal corporate website.

**The establishment of a remuneration policy** is based on the design of a financial incentive system taking into account different economic scenarios, which ensures management of remuneration and protects the Company's financial standing.

The KDPW\_CCP Management Board approves and applies in management practice the principles of the remuneration policy approved by the KDPW\_CCP Supervisory Board.

The persons responsible for human resource management co-ordinate and monitor the application of the approved policy and submit proposals for changes to the remuneration system, which are aligned with Company growth and financial situation.

The Supervisory Board, and especially the Remuneration Committee operating within the Board, performs continuous **oversight of the remuneration policy**, supervises its implementation by the Management Board and its practical operation, submits it for review at least once a year.

Persons responsible for internal audits performs an audit on a regular basis with respect to the remuneration rules already implemented and their compliance with legal regulations in force.

An independent auditor performs an annual audit to ensure that remuneration rules are compliant with internal regulations and legal provisions.