

Comparative overview of improvements compared to 2016 Remuneration Policy

Though we appreciate the increase in voting outcome to 67.4% in favor of our Management Board Remuneration Policy at the 2021 AGM, we were naturally disappointed that we did not make the required 75 % for approval. Following the vote, we have engaged with a number of shareholders and proxy advisors to understand their position and perspectives on the management variable remuneration. We have discussed the feedback received in detail and the matters raised by all stakeholders have remained under active consideration as we reviewed our Remuneration Policy for the Management Board. Based on the feedback we have received and keeping the practice in our industry in due consideration, we have recommended a few additional changes to the ones proposed at the 2021 AGM. For further details on the shareholder engagement process, please refer to our 2021 remuneration report.

We recognize the evolution of the corporate governance landscape in recent years with the increased scrutiny of executive pay by both shareholders and society at large. We believe that the principles that underlie our approach remain relevant. We align all our employees, including the Management Board, with the interests of shareholders as well as our financial performance. We aim to pay levels of total pay that are competitive with our predominantly international, and in many cases privately-owned, competitors and design our remuneration structures to encourage all our employees to stay with us for the longer term.

One of the main changes in the proposed Remuneration Policy is the introduction of a requirement that 50% of variable remuneration is paid in equity, which vests over 4-year period subject to claw back provisions. In contrast, the 2016 policy only allows for variable remuneration to be paid in cash or share-like instruments. One of our core values is ownership, and we mean it both in terms of mindset and behavior as well as literally. This proposed mandatory deferral of variable compensation into equity further aligns the proposed Remuneration Policy with our ownership core value as well with our shareholders' interests.

The table below provides insight into the main elements of our existing Remuneration Policy in place since 2016 and those of our proposed Remuneration Policy (subject to shareholder approval at the 2022 AGM). We have highlighted the main changes.

Fixed remuneration			
Element	Current policy (2016)	Proposed policy	Rationale for change
Base salary	Relatively modest base salary	Relatively modest base salary	No proposed changes
Variable remuneration			
Element	Current policy (2016)	Proposed policy	Rationale for change
Maximum variable pay	<ul style="list-style-type: none"> Management Board members may be awarded a variable remuneration entitlement in the form of a portion of the firm-wide variable remuneration pool No variable remuneration pool will exist if Flow Traders was not profitable in the performance year 40% of Flow Traders' operating profit - minus applicable adjustments - over the performance year is available for variable remuneration 	<ul style="list-style-type: none"> Management Board members may be awarded a variable remuneration entitlement in the form of a portion of the firm-wide variable remuneration pool No variable remuneration pool will exist if Flow Traders was not profitable in the performance year 35% of Flow Traders' operating profit over the performance year is available for variable remuneration 	Further to shareholder feedback, we have reduced the maximum pool size from 40% to 35% of operational profit

<p>Management Board variable pay cap</p>	<ul style="list-style-type: none"> ▪ The total variable remuneration pool available for all employees (including the Management Board) is set at a maximum of 40% of the operating profit 	<ul style="list-style-type: none"> ▪ <i>The total variable remuneration pool available for all employees (including the Management Board) is capped at a maximum of 35% of the operating profit</i> ▪ <i>Total remuneration for any individual Management Board member is capped at 20 times the average employee total remuneration</i> ▪ <i>The total remuneration for each Management Board member and average employee will be calculated in accordance with the recommendations of the Dutch Monitoring Commission</i> 	<p>It is in our corporate DNA to share our profits fairly with our shareholders and employees, and we have done so since we were founded. We have now reflected shareholders concerns in our policy by introducing a hard cap on individual variable remuneration pay-outs of Management Board members versus the average employee</p> <p>The proposed cap ensures that our total remuneration levels are competitive with the industry we operate in, while addressing shareholder concerns around uncapped variable remuneration approach</p>
<p>Equity awards</p>	<ul style="list-style-type: none"> ▪ Variable remuneration shall be awarded in cash or share-like instruments settled in cash 	<ul style="list-style-type: none"> ▪ <i>Variable remuneration can be settled in both cash and Flow Traders' equity</i> ▪ <i>50% of any variable remuneration shall be paid out in the form of equity, which will vest over a four-year period</i> 	<p>One of our core values is ownership; both in terms of mindset and behavior as well as literally.</p> <p>The proposed amendment will allow to award variable remuneration in the form of shares, which will contribute to align the proposed Remuneration Policy with our ownership values.</p> <p>Moreover, awarding variable remuneration in the form of equity will further align the interests of the Management Board with shareholders.</p>
<p>Performance measurement</p>	<ul style="list-style-type: none"> ▪ Performance is measured over a one-year performance period ▪ Variable remuneration awards are predominantly based on Flow Traders' result on operating profit ▪ To determine individual variable remuneration awards, the Supervisory Board conducts a holistic assessment of the performance of each individual Management Board member and the Management Board as a whole ▪ In this holistic performance assessment, the Supervisory Board considers performance on individual targets, which includes 	<ul style="list-style-type: none"> ▪ Variable remuneration awards are predominantly based on Flow Traders' result on operating profit ▪ <i>The individual performance of each Management Board member will be assessed against a KPI scorecard. The KPI scorecard and performance against these targets will be disclosed in the remuneration report retrospectively</i> ▪ <i>The scorecard shall consist of both financial and non-financial performance measures, including ESG metrics</i> ▪ To determine individual variable remuneration awards, the 	<p>Following shareholder feedback, we have proposed to introduce a KPI scorecard for each individual on the Management Board with both financial and non-financial performance measures. The financial measures will ensure that any remuneration awarded considers multiple aspects of financial performance in a given year.</p>

	<p>both financial and non-financial key performance indicators (KPIs).</p> <ul style="list-style-type: none"> Although there is no formulaic relationship between performance on the KPIs and the variable remuneration award, significant underperformance or overperformance in respect of these KPIs results in reductions or increases of the profit share that is awarded to a Management Board member. 	<p>Supervisory Board conducts a holistic assessment of the performance of each individual Management Board member and the Management Board as a whole</p> <ul style="list-style-type: none"> In this holistic performance assessment, the Supervisory Board considers performance on individual targets, which includes both financial and non-financial key performance indicators (KPIs) 	<p>Non-financial measures will be selected to ensure sustained performance over time. The aim of the non-financial metrics is to ensure that there is ongoing focus and discretionary effort applied to activities, the benefit of which will only be fully seen over the medium to long-term, including objectives around ESG, strategy, risk, culture and people.</p>
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Variable remuneration (cont'd)			
Element	Current policy (2016)	Proposed policy	Rationale for change
Deferral and vesting	<ul style="list-style-type: none"> Above a certain threshold, variable remuneration is paid out in at least two instalments 	<ul style="list-style-type: none"> 50% of variable remuneration is paid out in equity 62.5% of variable remuneration is deferred over a period of up to four years The cash component of the variable remuneration will vest on a pro-rata basis over a two-year period, whereby the first tranche will vest at date of award The equity component of the variable remuneration will vest over a 4-year period on a pro-rata basis, whereby the first tranche will vest at date of award All equity awards that vest are subject to a holding period of one year 	<p>We have further aligned our policy with our guiding principles for remuneration</p> <p>The proposed policy changes put more emphasis on the long-term character of our variable remuneration plan. The significant deferral in combination with a substantial pay-out in equity will lead to further alignment of Management Board interests and those of our stakeholders</p> <p>Furthermore, the deferral provisions are designed to encourage retention as deferred awards do not give rise to any immediate entitlement.</p>
Risk management	<ul style="list-style-type: none"> Any potential award under our variable remuneration plan is subject to a thorough risk assessment both before and after the date of award We only provide a variable remuneration award if Flow Traders' operating profit is positive All previously awarded and outstanding variable remuneration acts as a first loss tranche to compensate any operating loss All variable remuneration is subject to extensive malus and clawback provisions 	<ul style="list-style-type: none"> Any potential award under our variable remuneration plan is subject to a thorough risk assessment both before and after the date of award We only provide a variable remuneration award if Flow Traders' operating profit is positive All previously awarded and outstanding variable remuneration acts as a first loss tranche to compensate any operating loss All variable remuneration is subject to extensive malus and clawback provisions 	<p>No proposed changes, however, we have clarified the risk mitigating provisions in our policy</p>
Benefits			
Ancillary benefits	<ul style="list-style-type: none"> No ancillary benefits are provided to our Management Board members 	<ul style="list-style-type: none"> No ancillary benefits are provided to our Management Board members 	<p>No proposed changes</p>
Other			
Encouragement of share ownership	<ul style="list-style-type: none"> No share ownership guidelines in place 	<ul style="list-style-type: none"> We encourage our Management Board members to retain 50% of the shares granted as part of the remuneration (after tax) until end of employment, equalling 25% of 	<p>Long-term value creation and share ownership are cornerstones of our remuneration philosophy. This guideline further</p>

		<i>total variable remuneration granted</i>	aligns our policy with our guiding principles for remuneration and promotes alignment to the long-term interests of Flow Traders and its shareholders To further emphasize confidence in the strategy and performance of Flow Traders, we have enhanced our proposed policy in 2022 by introducing shareholding guidelines for the Management Board
Malus and Clawback	<ul style="list-style-type: none"> Malus and clawback provisions in place that are comprehensive, irreversible, and substantially exceed regulatory requirements 	<ul style="list-style-type: none"> Malus and clawback provisions in place that are comprehensive, irreversible, and substantially exceed regulatory requirements 	Clarified that triggers apply to vested and/or unvested equity

Other (cont'd)			
Element	Current policy (2016)	Proposed policy	Rationale for change
Post-termination transfer restrictions	<ul style="list-style-type: none"> No restrictions in place 	<ul style="list-style-type: none"> <i>Upon termination, Management Board members are not allowed to sell more than 50% of their equity within the first 12 months after termination</i> 	We further enhanced our corporate governance standards. The introduction of post-termination transfer restrictions increases alignment between our Remuneration Policy and stakeholders' long-term interests
Change of control	<ul style="list-style-type: none"> Not covered by policy 	<ul style="list-style-type: none"> <i>"Double-trigger" change of control clause</i> 	We further enhanced our corporate governance standards
Governance	<ul style="list-style-type: none"> Not covered by policy 	<ul style="list-style-type: none"> <i>Guidelines around procedure, annual review, and deviations from the policy</i> 	We further enhanced our corporate governance standards

Introduction to the Remuneration Policy

In summary

Our Management Board Remuneration Policy reflects our remuneration principles, which in their turn reflect our mission, corporate identity, culture and values:

- We believe in sharing our profits with all relevant stakeholders, including our employees.
- We reward all our employees, including the Management Board, based on the same Remuneration Policy.
- The design of our Remuneration Policy reflects our mission, corporate identity, core values & culture, is aligned with our long-term interests and is underpinned by deep risk-awareness.
- We value the input of all stakeholders when determining our (Management Board) Remuneration Policy and we are strongly committed to our broader responsibility to society.

1) Flow Traders as a company

Our Management Board remuneration policy aims to attract, motivate and retain Management Board members to lead Flow Traders and sustainably execute Flow Traders' strategy. The remuneration policy reflects of our mission, corporate identity and values. The remuneration policy fosters our unique Flow Traders culture.

Mission and corporate identity

We are a leading global-technology enabled liquidity provider, specialized in Exchange Traded Products. As a technology company operating in a financial environment, we focus on providing liquidity in financial products both on- and off-exchange. As a result, market participants benefit from higher execution quality and lower overall trading costs, while the markets benefit from greater efficiency and more transparency. The liquidity we provide in volatile markets helps ensure that financial markets keep functioning under all circumstances. Flow Traders helps absorb market shocks by absorbing a sudden surge in trading which helps stabilize markets, ensures accurate pricing and reduces volatility.

We are an ambitious, international company, with an increasing role in the financial ecosystem in the world's largest financial markets. We operate in a fast moving, complex and highly competitive environment, at the intersection of trading, financial services and technology. As only the very best companies in this market will survive, we aim to attract and retain the very best people at every level in the organization.

Culture and core values

We have a unique, one-team driven culture. Our culture is reinforced by our core values: open, informal and diverse, taking ownership, entrepreneurial, team player. Our culture is underpinned by the four-eyes principle and by disciplined risk awareness at every level of the organization.

2) Guiding principles

Our remuneration policy reflects our mission, corporate identity, culture & values and is built on the following guiding principles:

- *Sharing*: we believe in sharing our profits with all relevant stakeholders, including our employees.
- *Operating a single & straightforward policy*: we reward all our employees, including the Management Board, based on the same remuneration policy.
- *Rewarding for exceptional performance*: we link variable remuneration pay-outs directly to performance
- *Guarding long-term interests & stimulating risk awareness*: we create deep risk-awareness, aligned with our long-term interests.
- *Stimulating share ownership*: we believe in employee share ownership.

These principles guide the Remuneration and Nomination Committee when making decisions on the remuneration policy and its implementation.

3) Alignment with Flow Traders' corporate identity and long-term interests

Because of the fast pace of the industry and the nature of our business activities, a successful remuneration policy should be sufficiently flexible and simple to operate. Such a remuneration policy enables us to anticipate in remuneration decisions for the continuous changes in our business environment.

To foster our core values ownership, entrepreneurial behavior and innovativeness, we find it important to reward for exceptional performance that creates value for both Flow Traders and our stakeholders. As such, we believe in linking variable remuneration pay-outs directly to performance and operating a pay-mix that is skewed towards variable remuneration in good (financial) years, with relatively modest base salaries to allow for a flexible cost base. At the same time, failure should not be rewarded, and we do not pay-out any variable remuneration – and reclaim outstanding deferrals if we sustain a loss.

Our strategy and culture are driven by the focus on long-term value creation for all our stakeholders. It is essential that the remuneration policy encourages and rewards sustainable long-term performance that is linked to Flow Traders' strategic objectives and the interests of all our stakeholders. As such, a significant part of the Management Board remuneration is paid-out in equity, deferred over a significant period of time, while we encourage our Management Board members to retain a substantial part of the shares granted as part of remuneration.

Risk awareness and risk management is embedded in our organisation and culture. It is critical that the remuneration policy is structured in such a way that it is aligned with our approach to risk and does not encourage risk taking which is inconsistent with the risk profile of Flow Traders. This is achieved through multi-year deferral of variable pay-outs, using deferred pay-outs to cover any losses, paying-out a significant portion of variable remuneration in equity, and operating above regulatory and industry standards malus & clawback provisions.

4) Internal perspective

We are committed to attract and retain the very best people and to provide them with competitive remuneration packages. Because of our strong 'one-team' culture, we find it important that the remuneration principles and policy for the Management Board are aligned with those of our other

employees. We operate the same remuneration philosophy and policy, with a strong focus on rewarding for exceptional performance, encouraging share-ownership and creating deep risk-awareness for all our employees. Variable remuneration is funded by a single variable remuneration pool. Remuneration practices for all employees are similarly aligned with Flow Traders' risk management and profile. As a consequence, we have capped our Management Board variable remuneration at 20 times the average employee variable remuneration.

5) External perspective

We take various external factors into account in the determination of the Management Board remuneration policy.

Stakeholder engagement

We value the input of shareholders and other stakeholders on the Management Board remuneration policy. For any future material changes to the policy, we will actively seek dialogue. Our remuneration report will provide insight in the stakeholder engagement process and which actions we have taken to act upon the input received.

External labor market

We monitor market developments to ensure that the remuneration package remains competitive. However, as our company profile is unique, and we are operating in a niche industry with a remuneration policy that is specifically tailored to unique dynamics, market comparisons are predominantly used as a second reference.

We aim to pay levels of total pay that are competitive with our predominantly international and privately owned competitors (mainly privately owned equity partnerships), and design our remuneration structures to encourage all our employees to stay with us for the longer term.

Society

Via the products and services we provide, we create more open and better accessible financial markets for institutional investors, individual investors and, ultimately, society at large. Due to Flow Traders, investors can better manage their risks, whatever the market circumstances are. The liquidity Flow Traders provides in volatile markets helps ensure that financial markets keep functioning under all circumstances.

It is in our corporate DNA to back initiatives that contribute to society and have done so for many years, both through the company's and employees' personal efforts. Flow Traders supports several charities, both financially but also through offering access to knowledge and experience. In addition, Flow Traders has established the Flow Traders Foundation with the aim of promoting and funding health and wellbeing charitable initiatives globally. The Flow Traders Foundation will achieve this by, but not limited to, providing direct aid, granting microcredits, providing information and/or financial means.

Elements of Flow Traders’ Management Board remuneration policy

Application of our principles

At Flow Traders, we provide our members of the Management Board a remuneration package that consists of fixed remuneration, in the form of base salary, and variable remuneration:

- The long-standing foundation of our policy is a relatively modest base salary and variable remuneration that is aligned with company performance – therefore varying considerably in successful and less successful (financial) years.
- The design of our Remuneration Policy reflects our mission, corporate identity, core values & culture, is aligned with our long-term interests and is underpinned by deep risk-awareness:

Principle	Application
Sharing	<ul style="list-style-type: none"> ▪ Given good performance, employees from any role and office are entitled to receive variable remuneration relative to their contribution to the firm as a whole. ▪ If we make no profit, we do not pay-out variable remuneration.
Operating a single & straightforward policy	<ul style="list-style-type: none"> ▪ We reward all our employees, including the Management Board, based on the same Remuneration Policy. ▪ We share one singular firm-wide variable remuneration pool. ▪ The Management Board does not receive material ancillary benefits beyond variable remuneration. ▪ Total remuneration of Management Board members is capped at a multiple of the average employee total remuneration.
Rewarding for exceptional performance	<ul style="list-style-type: none"> ▪ Remuneration consists of a relatively modest base salary and variable remuneration linked directly to performance. ▪ The pay-mix is skewed towards variable remuneration in good (financial) years. At the same time, we do not pay-out any variable remuneration – and reclaim outstanding deferrals – if we sustain a loss.
Guarding long-term interests & stimulating risk awareness	<ul style="list-style-type: none"> ▪ We operate an integrated short-term and long-term variable remuneration plan. ▪ We defer a significant portion of variable remuneration pay-outs for a multi-year period. ▪ A significant part of any variable remuneration award is made in equity. ▪ If the company incurs a loss, any outstanding deferred variable remuneration is reduced or forfeited entirely to cover that loss. ▪ Our clawback provisions are comprehensive, irreversible and substantially exceed industry standards and regulatory requirements.
Stimulation share ownership	<ul style="list-style-type: none"> ▪ A significant part of any variable remuneration award is made in equity. ▪ We encourage our Management Board members to retain a substantial part of equity granted as part of remuneration.

- The Remuneration Policy is in line with all applicable rules & regulations (see also Annex II).

1) Fixed remuneration

We provide fixed remuneration in order to be able attract and retain Management Board members of an appropriate caliber to execute Flow Traders’ strategy. The fixed remuneration consists of base salary only which is paid in 12 equal monthly instalments. We review our base salaries on an annual basis against external market developments and internal pay ratios. Base salaries of our Management Board members are set at a relatively modest and prudent level to control the level of fixed costs in case Flow Traders is not profitable, to provide risk mitigating incentives, to create a strong link between pay and performance and to reflect the entrepreneurial nature of the role. The fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration, including the possibility to pay no variable remuneration.

2) Variable remuneration

The design of our variable remuneration design reflects our remuneration principles. We operate a single incentive plan that drives and rewards both annual and long-term performance with a significant focus on the long-term through the multi-year pay-out mechanism. To further incentivize long-term value creation and align the interests of shareholders and the Management Board, more than 60% of Management Board members' variable remuneration is deferred over the longer term and 50% of variable remuneration is paid in Flow Traders equity. All variable remuneration vests in accordance with the vesting schedule described in section "Deferral, vesting and holding requirements"

These elements bring a long-term focus to our variable remuneration design, which reflects our remuneration principles and ensures alignment with our strategy. Due to these specific characteristics of our single incentive plan, we do not operate separate short-term and long-term incentive plan.

Determining individual variable remuneration awards

In line with our guiding principles, the members of the Management Board share in the same firm-wide variable remuneration pool as all other employees. This pool of variable remuneration is primarily a function of operating results.

To determine individual variable remuneration awards, the Supervisory Board conducts a holistic assessment of the performance of each individual Management Board member and the Management Board as a whole. In this holistic performance assessment, the Supervisory Board considers performance on individual targets, which includes both financial and non-financial key performance indicators (KPIs). Objectives for these KPIs are set prior to the beginning of the year. Objectives are set for each individual Management Board member and the Management Board as a whole.

Individual performance assessment

At the beginning of the year, the Supervisory Board, with support from the Remuneration and Appointment Committee, determines the individual KPIs applicable. These KPIs will be determined for each individual Management Board and the Management Board as a whole. The KPIs will be tailored to their specific role and responsibilities, while explicitly aligned with our long-term strategic goals. For every Management Board member, the KPIs will consist of at least 50% non-financial performance criteria, in accordance with regulation applicable for Dutch financial institutions. Financial performance criteria can, for example, include Net Trading Income (NTI) and cost efficiency.

The non-financial performance criteria of each member of the Management Board will be selected to ensure delivery of sustained performance over time. The aim of the non-financial performance metrics is to ensure that there is ongoing focus and discretionary effort applied to activities; the benefit of which will only be fully seen over the medium to long-term. The objectives can include (but not limited to) objectives around ESG, strategy, risk, culture and people.

Further, we propose to adopt an annual KPI scorecard for each member of the Management Board. Details of the KPI scorecard for each year will be disclosed retrospectively in the annual remuneration report.

Both Flow Traders' performance on operating profit and Management Board members' performance on the individual performance indicators are measured over a one-year performance period. However, annual targets are set in the context of Flow Trader's long-term strategic targets.

Determining individual award levels

To determine individual award levels, first the size of the variable remuneration pool is determined at the end of the performance period. The variable remuneration pool is expressed as a percentage of Flow Traders' operating profit over the performance year and will be distributed among all employees. The total variable remuneration pool available for all employees, including the Management Board, is set at a maximum of 35% of the operating profit. In case Flow Traders is not profitable, there will be no variable remuneration pool, and therefore no variable remuneration.

The Supervisory Board determines the share of the variable remuneration pool that will be allocated to the Management Board by taking into account the relative ranking and proposed variable pay of the top 50 employees. In addition to the operating profit, the following considerations will be made when determining the variable remuneration pool:

- Overall performance of Flow Traders, including quality of earnings and capital strength
- Current risks, expected losses and estimated unexpected losses
- Stressed conditions associated with Flow Traders' activities
- Returns to investors

Subsequently, the Supervisory Board conducts a holistic assessment of the performance of each individual Management Board member and the Management Board as a whole. In this holistic performance assessment, the Supervisory Board takes into account performance on individual KPIs., Significant underperformance or overperformance in respect of these objectives results in reductions or increases of the profit share that is awarded to a Management Board member.

Based on this assessment, the Remuneration and Appointment Committee drafts proposals for Management Board's individual variable remuneration awards. The Supervisory Board, upon recommendation by the Remuneration and Appointment Committee, then determines the variable remuneration awards for each of the members of the Management Board.

Maximum variable remuneration / award limits

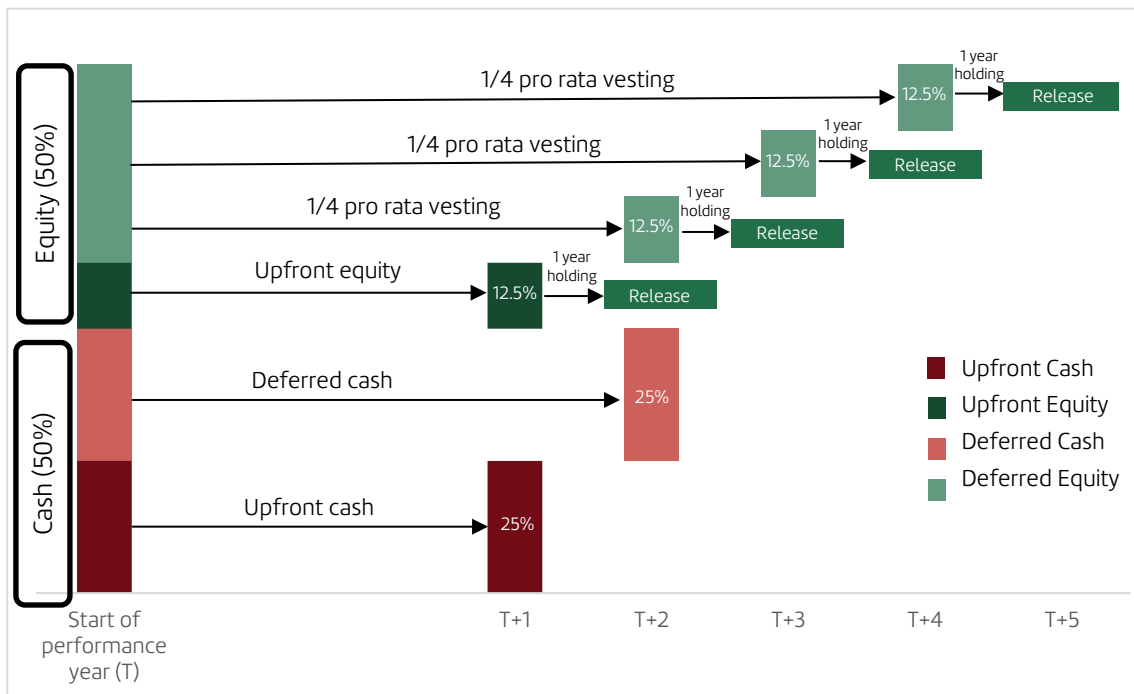
It is in our corporate DNA to share our profits fairly with our shareholders and employees, and we have done so since we were founded. We have reflected this in our policy as follows:

- *Cap on sharing profits between shareholders and employees:* The total variable remuneration pool available for all employees (including the Management Board) is set at a maximum of 35% of the operating profit.
- *Cap on sharing profits between Management Board and employees:* The total variable remuneration pool available for all employees is shared between the Management Board and the other employees. Total remuneration for any Management Board member is capped at 20 times the average employee total remuneration. The calculation of the ratio between average employee total remuneration and Management Board members is based on the methodology recommended by the Dutch Monitoring Commission.

While this structure is not common among listed companies, it is in line with the practice in our industry among both listed and unlisted peer companies, and necessary to be able to attract, retain and motivate individuals of highest caliber in our market, including privately-owned competitors.

Deferral, vesting and holding requirements

In order to balance company performance, long-term value creation and encouragement of share ownership, 50% of the variable remuneration is paid out in equity and 62.5% of each variable remuneration award shall be deferred over a multi-year period. The equity component of the awarded variable remuneration will vest on a pro-rata basis over a period of four years, whereby the first tranche will vest at date of award. All equity awards that vest are subject to a holding period of one year. The cash component of the awarded variable remuneration will vest on a pro-rata basis over two years, whereby the first tranche will vest at date of award. The Supervisory Board, upon recommendation by the Remuneration and Appointment Committee, has the complete discretion to determine whether and to what extent any unvested part of the deferred variable remuneration shall be awarded. Further, all previously awarded and outstanding variable remuneration acts as a first loss tranche to compensate any operating loss. This means that the Supervisory Board retains the complete discretion to reduce or entirely forfeit any outstanding variable remuneration awards of our Management Board members in case we make an operating loss. In addition, all variable remuneration is subject to extensive malus and clawback provisions (we elaborate on this in the section *Other arrangements*).



Risk management

Any potential award under our variable remuneration plan is subject to a thorough risk assessment both before and after the date of award.

We only provide a variable remuneration award if Flow Traders' operating profit is positive. If there is no or insufficient profit realized in the performance year, we will not award any variable remuneration. In addition, the Supervisory Board assesses performance in terms of quality of earnings, capital strength and overall risk assessment.

All previously awarded and outstanding variable remuneration acts as a first loss tranche to compensate any operating loss. This means that we reduce or entirely forfeit any outstanding variable remuneration awards of our Management Board members in case we make an operating loss. In addition, all variable remuneration is subject to extensive malus and clawback provisions (we elaborate on this in the section *Other arrangements*).

3) Benefits

We strive for excellent employment conditions to all our employees, including our members of the Management Board. We do so by offering attractive remuneration packages with a strong focus on fixed and variable remuneration. Therefore, we do not offer material ancillary benefits such as company cars, collective pension schemes or other insurances. Furthermore, we do not provide loans to our members of the Management Board, nor do we issue guarantees.

4) Encouragement of share ownership

Long-term value creation and share ownership are cornerstones of our remuneration philosophy. Through share ownership, we create a sense of ownership and enhance risk awareness. Share ownership further aligns the interests of our Management Board members and the long-term interests of all stakeholders. As such, we encourage our Management Board members to retain 50% of the shares granted as part of the remuneration (after tax) until end of employment, equaling 25% of total variable remuneration granted. This encouragement goes beyond any market standards or corporate governance requirements and underpins the philosophy and guiding principles of our remuneration policy.

Other arrangements

Our Remuneration Policy is subject to contractual arrangements and governance provisions that exceed regulatory requirements:

- We do not grant excessive welcome arrangements or severance payments.
- Our Malus and Clawback standards and post-termination transfer restrictions are comprehensive and irreversible.

1) Guaranteed variable remuneration

We believe that guaranteed variable remuneration is not consistent with our risk management approach and pay-for-performance philosophy. Therefore, we do not award a guaranteed component to members of our Management Board, unless the following conditions are all met:

- I. The guaranteed component is awarded in relation to hiring new staff;
- II. The award is limited to the first year of employment; and
- III. Flow Traders has a sound and strong capital base.

2) Severance pay

The severance payment shall not exceed 100% of the annual fixed remuneration.

We do not award severance payments in any of the following situations:

- I. A member of the Management Board resigns voluntarily; or
- II. There is seriously culpable act or omission (*ernstig verwijtbaar handelen of nalaten*) by the member of the Management Board in the fulfilment of his or her duties; or
- III. Failure of Flow Traders by means of bankruptcy.

3) Management Board agreements

The full terms and conditions for our Management Board members are set out in a 'board agreement' entered into by and between the Management Board members and Flow Traders N.V. A summary of the key terms and conditions of the agreements is set out below:

- I. Appointment term: appointments of members of the Management Board are for a maximum fixed term of 4 years, after which reappointment is possible.
- II. Notice period: Flow Traders may terminate the board agreement by serving a notice period (except during illness). The duration of the notice period may be between 3 and 6 months, whereby the notice period to be observed by Flow Traders will be twice as long as the notice period to be observed by the Management Board member.
- III. Pension scheme: No pension benefits are granted to any member of the Management Board.

4) Malus and clawback

Without prejudice to the general principles of Dutch contract and employment law, the total variable remuneration shall generally be considerably reduced where subdued or negative financial performance of Flow Traders occurs, considering both current remuneration and reductions in payouts of amounts previously earned, including through malus or clawback arrangements (see below). To

discourage excessive risk-taking, remuneration recovery and repayment policies that allow for cancellation or recovery of both unvested cash incentives and equity awards can be applied.

Clawback type	Clawback trigger
Restatement	<ul style="list-style-type: none"> • In the event of material restatement of Flow Traders’ financial results for the relevant period. • This provision also applies to cash incentives.
Reasonableness and fairness	<ul style="list-style-type: none"> • In the event that the amount of the variable remuneration would be unacceptable according to the standards of reasonableness and fairness (<i>redelijkheid en billijkheid</i>).
Misconduct	<ul style="list-style-type: none"> • If the Management Board member engaged in conduct detrimental to Flow Traders that causes material financial or reputational harm to Flow Traders.
	<ul style="list-style-type: none"> • If the Management Board member failed to meet the suitable norms regarding competence and correct behaviour.
	<ul style="list-style-type: none"> • If the award was based on material misrepresentation by the Management Board member.
	<ul style="list-style-type: none"> • If the agreement with the Management Board member is terminated by Flow Traders because of: (i) an urgent cause (<i>dringende reden</i>) ex section 7:678 DCC, or (ii) one of the reasons as referred to in section 7:669, subsection (3)(d)-(h) DCC, unless Flow Traders committed a seriously culpable act or omission.
Risk-related and other	<ul style="list-style-type: none"> • If the Management Board member improperly or with gross negligence failed to identify, raise or assess, in a timely manner and as reasonably expected, issues and/or concerns with respect to risks material to Flow Traders.
	<ul style="list-style-type: none"> • If the award was based on materially inaccurate performance metrics, whether or not the Management Board member was responsible for the inaccuracy.
Long-term goals and sustainability	<ul style="list-style-type: none"> • If performance in relation to the priorities for a Management Board member has been unsatisfactory for a sustained period of time.
	<ul style="list-style-type: none"> • If for any one calendar year during the vesting period, Flow Traders’ operational results are negative.

5) Post-termination transfer restrictions

Upon termination of a Management Board member’s agreement, the Management Board member is bound by the post-termination transfer restrictions. Under those restrictions, the Management Board member is not allowed to sell more than 50% of his/her equity position that results from the grant of variable remuneration and is held at the date of termination, within the first 12 months after the date of termination of the board agreement.

6) Global Restricted Instruments Policy

We have Global Restricted Instruments Policy in place, which sets out additional requirements with respect to personal transactions in financial instruments relating to Flow Traders, including a description of the modest amount and length of open periods that are applied by Flow Traders. The Global Restricted Instruments Policy applies to the members of the Management Board both during and after termination of the agreement between a Management Board Member and Flow Traders.

7) Change of Control

In the event of a termination of a Management Board member's board agreement as a consequence of: Flow Traders' dissolution, liquidation, sale (of all or substantially all shares or of all or substantially all of the assets of Flow Traders), merger, split, consolidation, takeover, reorganization, Change of Control or share for share exchanges or similar transaction, the Supervisory Board, shall, subject to Flow Traders' articles of association and other corporate authorization requirements (such as but not limited to the approval rights of the general meeting) and applicable legislation, in respect of shares that were awarded to such Management Board member have the discretionary power to:

- i. Cancel any entitlement to shares with immediate effect and pay to the Management Board member an amount equal to the Fair Market Value of such shares on the date of cancellation; or
- ii. Exchange the entitlement to shares with entitlements on shares that are exchanged in the transaction, which new rights are in the option of the third-party expert engaged by Flow Traders no less valuable than the prior rights.

Governance of the remuneration policy

Flow Traders' existing Management Board remuneration policy has been in place since 2016. The proposed policy as discussed in previous sections will be put forward for a shareholder vote at the 2022 AGM. Once adopted, the Management Board remuneration policy will be effective retroactively from 1 January 2022 and is intended to remain in place for four years.

1) Procedure

The Supervisory Board is responsible for drafting and implementing the remuneration policy and will submit the remuneration policy to the AGM for adoption at least every four years. The Remuneration and Appointment Committee supports the Supervisory Board in this area. In the determination of the remuneration policy and proposals, the Remuneration and Appointment Committee takes the vision of the individual Management Board members on their own remuneration into account. In addition, scenario analyses have been conducted to assess the various possible outcomes under the remuneration policy.

2) Annual review

The Supervisory Board shall perform a central and independent internal review of the Remuneration Policy and the practices of Flow Traders at least annually. Such review shall be performed on an individual basis.

As part of the central and independent review, the Supervisory Board shall assess whether the overall remuneration policy, practices and processes: (i) operate as intended (in particular, that approved policies, procedures and internal rules are being complied with; that the remuneration pay outs are appropriate, in line with the business strategy; and that the risk profile, long-term objectives and other goals of Flow Traders are adequately reflected), (ii) are compliant with national and international regulations, principles and standards, and (iii) are consistently implemented across the group, are compliant with Article 141 of Directive 2013/36/EU and do not limit the institution's ability to maintain or restore a sound capital base.

Where the annual review reveals that the Remuneration Policy does not operate as intended or prescribed or where recommendations are made, the Supervisory Board shall ensure that a remedial action plan is proposed, approved and implemented in a timely fashion.

3) Deviations and exemptions

In exceptional circumstances only, the Supervisory Board may decide to derogate temporarily from this remuneration policy. A derogation for exceptional circumstances only covers situations in which the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. Such exceptional circumstances include, but are not limited to, situations such as the urgently required appointment of a Management Board member or the buy-out of remuneration forfeited on joining the Company to facilitate recruitment of new Management Board members, comprising cash or longer-term incentives. In such case, the Supervisory Board will account for this at the next Annual General Meeting.

Annex I

Glossary

Change of Control: a transaction or series of transactions or the closing of an arrangement, that alone or taken together have the effect that as a result thereof a party obtains (direct or indirect) Control of Flow Traders.

Control: (i) (either directly or indirectly) the ownership of a party or parties acting in concert with each other or more than 30% of (a) the issued share capital and/or (b) the voting rights in general meeting of Flow Traders; or (ii) the right (either directly or indirectly) of a party or parties acting in concert with each other to control the composition of the majority of the Management Board and/or the Supervisory Board, or the majority of its voting rights, whether through the ownership of voting rights or by contract.

Fair Market Value: in relation to a share (i) on any day when the shares are traded on the regulated market of Euronext Amsterdam N.V. (or its successor), the closing market quotation of a share as derived from the listing on the market; or (ii) on any day when the shares are not traded on the market and/or, no closing market quotation is available on such day, the closing market quotation on the business day immediately preceding this date.

Annex II

Regulatory context and considerations

This Annex II is attached to the Remuneration Policy for illustration purposes only and does not form part of the Remuneration Policy. The regulatory context and considerations applicable at the time of adoption of the Remuneration Policy are set out below.

Considering the qualification of Flow Traders B.V. (and including Flow Traders N.V., collectively referred to as **Flow Traders**) as an investment firm within the meaning of Article 4(1)(2) of the Capital Requirements Regulation (EU) No. 575/2013 (**CRR**), inter alia the following rules have been considered:

- a) Chapter 1.7 of the Act on financial supervision (*Wet op het financieel toezicht*, **AFS**), Article 1:111 – 1:129 AFS; this includes a waiver from the bonus cap of Article 1:121(7) Wft , based on the policy of the Dutch Authority for the Financial Markets (**AFM**);
- b) The Regulation of controlled remuneration policy AFS (*Regeling beheerst beloningsbeleid Wft 2017*, **Rbb**);
- c) The EBA Guidelines on sound remuneration policies (EBA 27/6/2016), the **EBA Guidelines**;

And because of Flow Traders' listing:

- d) The Dutch Corporate Governance Code (**CGC**);
- e) The implementation of Directive 2007/36/EC on long term shareholders' involvement (the **Shareholders Rights Directive**), including revisions to Articles 2:135 and 2:135a of the Dutch Civil Code (**DCC**).