



Corporate Governance

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DISCLAIMER

Compliance with the requirements of Paragraph 23, Of Directive DI 144-2014-14 of the Cyprus Securities and Exchange Commission for the Prudential Supervision of Investment Firms (the “directive”)

Country-by Country reporting

The Company has operations only in Cyprus, thus there is no need to do Country-by Country reporting. In accordance with paragraph 18 of the Directive, the Company discloses in its annual Financial Statements, the following information:

- Names, nature of activities
- Turnover
- Profit or loss before tax
- Tax on profit or loss

The Company does not receive any public subsidies so no such disclosure is necessary. Currently the Company has 22 people employed in its Nicosia Offices. All the required employees have the relevant qualifications, skills and experience to support the operations of the Company.

Public disclosure of return on assets

The Companies return on Assets, as at 31 December can be found in the Company’s annual [Disclosure](#) documents.

Matters related to remuneration

In line with the requirements of the Directive, the Company has prepared and implemented a Remuneration Policy. The key elements are presented below, as well as in the Company’s annual Public [Disclosure](#) documents.

The Remuneration Policy (“the Policy”) of the Company, forms an integral part of its corporate governance and is developed taking into consideration the Company’s objectives, business and risk strategy, the corporate culture and the values and the long-term interests of the Company. The Policy applies to top management executives, risk takers, individuals whose total remuneration takes them into the same remuneration level as the aforementioned categories, individuals who perform control duties, and individuals whose professional activities have a significant impact on the Company’s risk profile. The Policy is reviewed at least on an annual basis and any amendments made are approved by the Board of Directors. The Board of Directors adopts and periodically reviews the general principles of the Policy. The Board of Directors is also responsible for its implementation as well as preventing/mitigating any risks, which may arise as a result of the Policy and practices of the Company.

The implementation of the Policy is also subject to independent periodic review by the Compliance and Internal Audit functions in order to assess the level of compliance with applicable laws, rules, regulations and regulatory guidance.

In establishing the Remuneration Policy, the Company complies with the following principles, in a manner appropriate to its size, internal organization and the nature, scope and complexity of its activities:

- The Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the acceptable levels of risks;
- The Policy is in line with the Company's strategic direction, objectives and values, and has been designed to serve the Company's long-term interests;
- The Remuneration Committee is responsible for ensuring the implementation of the policy, to periodically review it and to suggest changes that are deemed necessary for ensuring that the Company's talent is retained while excess risk taking is avoided;
- The Policy, is at least annually, subject to independent internal review for compliance with policies and procedures adopted by the Company;
- The remuneration of staff engaged in the control functions is in accordance with the achievement of objectives linked to their functions, independent of the performance of the business areas they oversee;
- The remuneration of the Senior Officers in the Risk Management and Compliance functions is directly overseen by the Remuneration Committee.

This Policy covers total remuneration (i.e. fixed and variable) as well as benefits in kind and allowances.

The amount of remuneration is fixed in the employment agreement of each employee and it reflects the educational level, experience, accountability, and the position's functional requirements. The Company has developed fixed remuneration ranges, which differ among hierarchical levels and the nature of the business. Ranges are reviewed annually taking into consideration market trends and current legal requirements. Total remuneration consists of the fixed salary, benefits such as health insurance and, in certain cases, variable remuneration in the form of a bonus.

As per the provisions of Directive DI144-2014-14&14(A), the principles adopted by the Company relating to variable remuneration, when provided, are as follows:

- Where 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, as well as the overall results of the Company as a whole. Upon assessing individual performance, both financial and non-financial criteria are taken into consideration;
- Assessment of 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 Company and the business risks it encounters;
- The total variable remuneration does not limit the ability of the Company to maintain its capital base;
- Variable remuneration is not guaranteed and shall not be part of prospective remuneration plans;
- Guaranteed variable remuneration is limited only to the cases in which the Company wants to offer it in the first year of employment of a new staff member, and only if the Company has a strong capital base;
- The fixed and variable components of total remuneration are appropriately balanced;
- Variable remuneration can be reduced to zero, and shall not exceed 100% of the fixed component of the remuneration for each individual unless other conditions apply.

As allowed by Directive DI144-2014-14, the Company's Board of Directors may decide that a higher variable remuneration may be given; the Board of Directors will ensure that all provisions of the Directive DI144-2014-14&14(A) will be followed accordingly.

When paying out any variable remuneration to the risk takers, the Company ensures the following, in a manner and to the extent that is appropriate to the Company's size, internal organization and nature, scope and complexity of activities (the "Proportionality Conditions" as defined at the Company's Annual Disclosures):

- At least 40% of the variable remuneration is deferred over a period of three to five years;
- In the event that the variable remuneration is particularly high, then at least 60% of the amount shall be deferred;
- At least 50% of any variable remuneration will be paid out in instruments. This must be applied to both the deferred and non-deferred part of the variable remuneration component;
- Up to 100% of the total variable remuneration is subject to malus or clawback arrangements, which are set by the Company.

The determination of the variable remuneration to be awarded to various staff members is defined in the Bonus Policy of the Company. All risk takers are clearly informed at the outset of the criteria which are used to determine the amount of their variable remuneration, as well as the steps and timing of their performance reviews.

All Proportionality Conditions set out in the Company's Remuneration Policy are subject to periodic review by the Remuneration Committee in order to assess the level of compliance with the applicable regulatory and legal framework. Such review is conducted at least on an annual basis, and any amendments made are approved by the Board of Directors.

Governance Arrangements

In identifying the Board of Directors, the Company has taken into consideration the matters outlined in paragraph 12 of "The Investment Services and Activities and Regulated Markets Laws of 2007 to 2016" (Law 144(I)/2007). As such the members of the Board of Directors:

- Have sufficiently good reputes and possess sufficient knowledge, skills and experience to perform their duties;
- Commit sufficient time to perform their functions in the Company;
- The number of directorships held by each member of the Board does not compromise the time devoted to the Company. In all cases, the Company's Board members do not hold more than one of the following combinations of directorships at the same time:
 - one executive directorship with two non-executive directorships;
 - four non-executive directorships.
- Act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversee and monitor the decision-making of management.
- Overall, the Company's governance arrangements comply with the below requirements, as these are set out in Law:
 - The overall responsibility for the Company lies with the Board of Directors, which approves and oversees the implementation of the Company's strategic objectives, risk prevention strategy and internal governance;
 - The Board of Directors ensures the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the Law and relevant standards;

- The Board of Directors oversees the process of disclosure and announcements;
- The Board of Directors is responsible for providing effective supervision of senior management;
- The Chairman of the Board of Directors does not exercise simultaneously the functions of a chief executive officer in the Company;
- The Company's Board of Directors monitors and periodically assesses the effectiveness of the Company's governance arrangements and takes all appropriate steps to address any deficiencies.

Diversity Policy

The company is committed to promote a diverse and inclusive workplace at all levels, reflective of the communities in which it does business. It approaches diversity in the broadest sense, recognizing that successful business flourish through embracing diversity into their business strategy, and developing talent at every level in the organization. For this purpose, the Company takes into consideration various aspects such a broad industry experience knowledge independence, gender, age, cultural and educational background for the Board appointments.