

Flow Traders N.V. Annual General Meeting 2020

Type of meeting	AGM
Company:	Flow Traders
Date	14:00h CET, June 24 th 2020
Location	Virtual Shareholder Meeting
Speaker	Laura Bosch (Robeco)
Attendance AGM	64% of outstanding stock represented

		Result (%)	
Agenda items		Vote	For
1	Opening and announcements	-	-
2.A	Report of the Management Board for the Financial Year 2019	-	-
2.B	Adoption of the Annual Accounts	FOR	99%
2.C	Dividend Policy	-	-
2.D	Allocation of Profits/Dividends	FOR	99%
2.E	Remuneration Report	FOR	64%
2.F	Management Board Remuneration Policy	AGAINST	56%
2.G	Supervisory Board Remuneration Policy	FOR	99%
3	Ratification of Management Board Acts	FOR	99%
4	Ratification of Supervisory Board Acts	FOR	93%
5	Elect Britta Achmann to the Management Board	FOR	99%
6.A	Authority to Issue Shares w/ Preemptive Rights	FOR	99%
6.B	Authority to Suppress Preemptive Rights	FOR	97%
7	Authority to Repurchase Shares	FOR	97%
8	Authority to Cancel Own Shares	FOR	99%
9	Appointment of Auditor	FOR	99%
10	Any other business and closing	-	-

Agenda Item 2.B – Accounts and Reports

Flow Traders' strategy aims to expand coverage into other asset classes to drive business growth. In Q1 2020 there has been a significant market volatility following the COVID-19 outbreak across all markets and asset classes.

- How did the high levels of market activity in Q1 2020 impact Flow Traders' diversification initiatives into other asset classes?

Flow Traders experienced outperformance in Q1 2020 in all regions and across all asset classes. In order to further diversify trading into other asset classes it is crucial to step up the company's scale and efficiency. Flow Traders' ultimate ambition is to become a one stop shop for liquidity provision. Risk management processes will be adjusted to adapt to this growth strategy, while preserving a risk conscious approach. The company is invested significantly in this area, which is exemplified by the recent hire of Britta Achmann as Chief Risk Officer. Flow Traders remains broadly on track for executing its growth strategy.

Agenda Item 2.F – Management Board Remuneration Policy

We would like to thank you for the constructive dialogue we held with the Management and Supervisory Board on the proposed remuneration policy. Following our discussions, we recognize that the Supervisory Board implemented several positive changes. However, we believe there is room for further improvement. Therefore, we posed several additional questions.

Disclosure of elements in variable remuneration

From current disclosures it is difficult for shareholders to understand how variable pay allocations will be determined for each Management Board member with respect to their performance. We encourage Flow traders to disclose performance benchmarks upfront and report on concrete performance results achieved at the end of the performance period.

- Can you explain how the Supervisory Board will measure the performance of Management Board members against the performance metrics included in the variable pay, as these are largely qualitative?

The Remuneration Committee has disclosed the specific performance criteria included in the variable pay. All KPIs are equally weighted, and the supervisory Board will assess management performance against these metrics in three different points in time every year.

We are cognizant of the availability of the abovementioned information. However, despite these disclosures, shareholders are not able to discern how individual performance will be translated into concrete variable pay awards for the Management Board.

Individual variable pay caps

A remuneration policy should be structured in a way that rewards the Management Board for profit making, while remaining sustainable over the longer term when the company grows.

- It is common market practice to link variable pay both to 1) a profit sharing pool and 2) individual variable pay caps, based on fixed salary or a maximum threshold. Together these provisions provide clear expectations on the possible quantum of remuneration awards. Would the Remuneration Committee consider setting a ceiling for individual variable pay?

The Remuneration Committee considers it difficult to predict individual contribution levels. For that reason the company believes that setting individual pay restrictions might be unfair in relation to uneven performance between members. Therefore it is the company's philosophy that it is more appropriate to have a compensation cap for the whole Management Board.

Human Capital Management

The current remuneration policy is attractive for employees who directly add to the company's profitability given the bonus pool based on operating profit.

- How does the proposed remuneration policy contribute to attract and retain the best talent for employee roles in non-profit generating departments (e.g. compliance) and to incentivize quality performance in their role?

All employees are subject to a variable remuneration dependent on the bonus pool linked to operating profit. Part of the remuneration is also deferred and at risk of forfeiture should there be a loss. This approach promotes a risk-aware culture across the organization.

Agenda Item 4 – Ratification of Supervisory Board Acts

The Dutch Government prepared draft legislation requiring all Dutch listed companies to comply with a quota of at least one-third for both women and men on Supervisory Boards, probably by 2021. Flow Traders is one of the few Dutch listed companies that still has no female Supervisory Board members.

- Which steps are you planning to take to increase the representation of female directors on the Supervisory Board?

Flow Traders' equal opportunity policy provided opportunity to female candidates, as evidenced by the appointment of Britta Achmann to the Management Board. The Board will review potential changes in legislation and this will be taken into account when assessing the future composition of the Board.