

## Flow Traders N.V. Annual General Meeting 2021

Type of meeting:	AGM
Company:	Flow Traders
Date:	14:00h CET, April 23 <sup>rd</sup> 2021
Location:	Virtual Shareholder Meeting
Speaker:	Laura Bosch
Attendance AGM:	60.47% of outstanding stock represented

Agenda items	Vote	For
1 Opening and announcements	-	-
2.A Report of the Management Board for the Financial Year 2020	-	-
2.B Adoption of the Annual Accounts	FOR	99,9%
2.C Dividend Policy	-	-
2.D Determination of Dividend	FOR	99,1%
2.E Remuneration Report	AGAINST	66,3%
2.F Supervisory Board Remuneration Policy	FOR	97,9%
2.G Management Board Remuneration Policy	AGAINST	67,4%
3 Discharge of Management Board members	FOR	99,3%
4 Ratification of Supervisory Board Acts	FOR	94,8%
5.A Proposal appointment of Linda Hovius as member of the Supervisory Board	FOR	99,9%
5.B Proposal appointment of Ilonka Jankovich as member of the Supervisory Board	FOR	99,9%
5.C Proposal reappointment of Rudolf Ferscha as member of the Supervisory Board	FOR	97,4%
6.A Authority to Issue Shares w/ Preemptive Rights	FOR	99,8%
6.B Authority to Suppress Preemptive Rights	FOR	99,8%
7 Authority to Repurchase Shares	FOR	99,6%
8 Authority to Cancel Own Shares	FOR	99,8%
9 Appointment of Auditor	FOR	99,7%
10 Any other business and closing	-	-

### Agenda Item 2.B – Adoption of Annual Accounts

Flow Traders profits from market volatility spikes and therefore registers volatile trading results for its business.

- How is Flow Traders planning to deliver a more stable growth rate and have more businesses with annuity-like, gradual growth characteristics? Less transactional and more fee-driven?

*Flow Traders does not have a linear business model and they don't charge fees or commissions. They operate by providing the best price to investors. Given that the predictability of earnings is hard, they are focusing on growing their long-term profitability by increasing the number of products they trade. They focus on growing its presence and infrastructure, thus they feel comfortable with the current level of volatility in earnings. Although there is a perception of a linear volatility in earnings, volatility in itself does not bring profitability. It rather brings more activity and that's when Flow Traders gets more net trading income. They grow their business base by continuously investing in products and countries in order to bring long-term growth for the company. They cannot predict the products that investors want to invest in tomorrow, they can only guarantee that they are present on those products.*

## Agenda Item 2.G – Remuneration Policy for the Management Board

We appreciate the opportunity to discuss the proposed remuneration policy with the Management and Supervisory Board. We acknowledge that the Supervisory board implemented several positive changes in line with the suggestions we recommended. However, we believe that the company has scope for improvement and better alignment with stakeholders' expectations. Our questions relate to those.

### Pay for performance

Based on the current policy it is unclear to shareholders how management performance translates into variable pay. Given that variable pay represents a significant large proportion of the total compensation paid to Management Board members, it is important to shareholders to understand how the Supervisory Board assesses pay for performance.

- For next year we would like the company to provide guidance on how the KPI's in the remuneration policy translate into actual variable pay awards. Is that something you can commit to?

*Performance of members of management board is assessed by the Supervisory Board. They publish KPIs and description on how those KPIs are determined, no disclosure of numeric scoring as most competitors (i.e. private companies) do not share that. However, the board believes that the descriptions provided give a good sense of how the Supervisory Board assesses Management Board performance, therefore performance is translated into award.*

### Variable pay limits

Flow Traders has introduced a cap on total remuneration for Management Board members versus the average employee. Even with the proposed internal pay ratio cap of 20, variable compensation can significantly exceed some of the largest Dutch listed companies.

- Can you explain how the proposed variable compensation limit would serve to protect against excessive payouts?

*All employees share in the same variable remuneration pool, namely 35% of operational profit. The size of the pool will depend on the financial results from the company. The internal pay ratio cap of 20 contributes to make a clear link between management and employee remuneration.*

- Apart from the suggested cap, are there any circumstances where the Supervisory Board would exercise downward discretion on the variable pay pool?

*Yes there are, the supervisory board has demonstrated to show restraint when needed. Last year they halved the maximum available pool for management team. The supervisory board takes into consideration a holistic view on topics that might require an adjustment of the variable pay pool.*

## Agenda Item 5.c – Proposal reappointment of Rudolf Ferscha as member of the Supervisory Board

We commend Eric Drok for his valuable contribution as Chairman of the Supervisory Board since Flow Traders' public listing in 2015. We look forward to continuing our dialogue with Mr. Ferscha in his new capacity as Chairman of the Supervisory Board.

The Dutch Corporate Governance Code recommends that most of the compensation and nomination committee members should be independent.

- Under the new composition of the board, can we expect that the Remuneration and Appointment Committee will be comprised majority independent?

*Composition of this committee will be updated after the two new members are appointed to the board. Note that there are 4 independent members out of 6 on the board.*