



AS Citadele banka

**INFORMATION ON HOW
REMUNERATION POLICY IS
CONSISTENT WITH THE
INTEGRATION OF
SUSTAINABILITY RISKS**

Information on how remuneration policy is consistent with the integration of sustainability risks



Sustainability is integral to Citadele remuneration policy, reflecting our commitment to sound risk management and ethical business practices.

Citadele incorporates sound risk-taking into its business strategy, aiming for alignment between rewards and risk exposure. The remuneration policy is designed to counteract excessive risk-taking and incentivize sustainable performance in line with strategic goals and effective risk management. Ethical, social, environmental, and economic considerations are integrated into business decisions, with individual performance criteria contributing to the overall strategic direction, where sustainability holds a crucial role. Additionally, employees are obligated to adhere to high business ethics, ESG performance practices, and regulatory requirements, discouraging excessive risk-taking inconsistent with sustainability goals.

Sustainability risks are embedded in Citadele remuneration practices, such as applying performance-based variable remuneration, deferral periods and ensuring appropriate balancing of fixed and variable components. Lack of compliance with regulations or deficiencies in risk management capabilities are viewed as inconsistent with organizational values.

The commitment to overall targets for sustainable performance cascades from the Management Board members to various organizational levels. Key Performance Indicators (KPIs), including KPIs related to Group's sustainability goals, are set and tracked linking performance to long-term sustainability goals. The assessment of top executives' and employees' performance, based on results and behaviours ensuring long-term and sustainable outcomes, directly impacts their remuneration.

The KPIs include prioritised sustainability areas and are linked to Citadele's long-term sustainability performance, such as financing the green transition and operating GHG emission neutral office.

In line with Remuneration Policy and Performance Management System, progress of the Management Board goals, including sustainability KPIs and targets, are followed by Supervisory Board.

The overall goals and targets, including sustainability KPIs, are cascaded from the Management Board members to the top management in the bank and further to respective business functions and employees, in line with their tasks and responsibilities. The KPIs are set and evaluated annually, and target fulfilment directly impacts employee's remuneration through performance-based bonus payment (variable remuneration).

Remuneration Policy applies to the Bank and Group entities. Subsidiaries may have both Group sustainability KPIs, such as financing the green transition and operating GHG emission neutral office, as well as individual KPIs corresponding to subsidiary's business specifics.

For more details on Remuneration policy, incl. its objectives, elements of remuneration structure, principles for setting fixed and variable part of the remuneration, sustainability risk management and long-term incentive plan, please refer to annual remuneration reports available on section [Remuneration Report](#).