allegro

Remuneration Policy

This policy (the "**Remuneration Policy**") sets out the basic terms and conditions of remuneration of members of the board of directors (the "**Board of Directors**", and each individually a "**Director**") and the daily manager(s) (délégué(s) à la gestion journalière) ("Daily Manager(s)") of Allegro.eu, a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, rue Hildegard von Bingen, L-1282 Luxembourg, and registered with the Luxembourg Trade and Companies' Register (Registre de commerce et des sociétés, Luxembourg) under the number B214830 (the "**Company**"), as well as all management board members ("**Key Managers**") of Allegro sp. z o.o., a limited liability company, formed and existing under the laws of Poland, having its registered at ul. Wierzbięcice 1B, 60-569 Poznań, Poland and registered with the register of entrepreneurs (rejestr przedsiębiorców) under the number 0000635012, being the Company's major subsidiary (Allegro sp. z o.o. together with the Company and other subsidiaries of the Company being the "**Group**").

The Directors, the Daily Manager(s) and the Key Managers are hereafter referred to as the "**Managers**", whereby the term "**Executive Managers**" shall encompass only the executive Directors, the Daily Manager(s) and the Key Managers.

This Remuneration Policy has been adopted by the Board of Directors on 29 April 2024 upon proposal by the Remuneration, Nomination and ESG Committee of the Company (the "**Committee**"), and submitted to the advisory vote of, and approved by, the annual general meeting of the shareholders of the Company held on 26th June 2024 in accordance with the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders as regards the encouragement of long-term shareholder engagement, as amended (the "**Law**").

The current version of the Remuneration Policy adopted and approved on the above dates replaces the previous Remuneration Policy of the Company with effect from 26th June 2024. In addition to the editorial changes, this Remuneration Policy includes provisions increasing the transparency of the terms on which variable remuneration and other elements of remuneration or benefits are granted as well as of the termination terms applicable to Executive Managers.

1. General provision

1.1. The purpose of this Remuneration Policy is to set out the principles governing the remuneration of the Managers so as to contribute to the implementation of the long-term business strategy, long-term interests, sustainability and stability of the Group, taking into account the interests of its shareholders and other stakeholders (including customers, business partners, employees and society) as considered appropriate by the Committee from time to time.

1.2. The implementation of the business strategy, long-term interests, sustainability and stability of the Group are to be favoured, in particular, by the amount, principles and structure of the remuneration of the Managers.

1.3. The Remuneration Policy takes into account the current financial situation of the Group.

1.4. The Remuneration Policy is intended to attract, motivate and retain Managers who have the highest level of competence and experience.

1.5. In preparing the Remuneration Policy, the working and pay conditions of employees of the Group other than Managers have been taken into account by assessing positions in the Group, job classification and assigning salary ranges to individual groups, taking into account the objectives related to the implementation of the business strategy, long-term interests and stability of the Group, as well as the current financial situation of the Group and the views of shareholders.

1.6. The Remuneration Policy shall be reviewed on a regular basis by the Committee based on the financial situation of the Group from time to time. If deemed necessary by the Committee, the Committee shall submit to the Board of Directors, any amendments to this Remuneration Policy and the reasons behind the proposed amendments, amongst which, the votes and views of the shareholders of the Company given at the latest general meeting of the shareholders of the Company (the "General Meeting") resolving on any Remuneration Policy shall be considered.

1.7. In approving the application of this Remuneration Policy to the Managers, authority is granted to the Group to honour any commitments entered into with current or former Managers prior to the approval and implementation of the Remuneration Policy (such as the grandfathering of past termination arrangements).

1.8. Any remuneration commitment made prior to an individual becoming a Manager and not in anticipation of their appointment to that position may be honoured, even where it is not consistent with the Remuneration Policy in place at the time the commitment was made or at the time it is fulfilled. For these purposes, commitments include but are not restricted to the satisfaction of past awards of variable remuneration, the terms of which are set at the time the award is granted.

1.9. In addition to the various operational discretions that the Committee can exercise in the performance of its duties (including those discretions set out in the Rules of Allegro Incentive Plan), the Committee reserves the right to make either minor or administrative amendments to the Remuneration Policy to benefit its operation, or to make more material amendments in light of new laws, regulations and/or regulatory guidance, subject to the provisions of point 8 - Derogation procedure.

1.10. The remuneration awarded to each Director in accordance with this Remuneration Policy will be set out in a remuneration report (the "**Remuneration Report**") which will be submitted each year to the annual General Meeting resolving, amongst others, on the annual accounts of the Company for the past financial year. Both the Remuneration Policy and the Remuneration Report must be publicly disclosed by the Company.

1.11. The Remuneration Policy, along with the date and the votes of the General Meeting approving its terms, must remain publicly available on the Company's website at least as long as it is applicable. Each Remuneration Report must remain publicly available on the Company's website for at least a ten (10) year period as from its submission to the General Meeting.

2. Description of composition of remuneration of the Executive Managers.

2.1. Executive Managers are entitled to a fixed base salary for the work specified for each Executive Manager in his or her appointment letter and/or employment contract with the Company and/or any of the Company's subsidiaries. Where an Executive Manager performs functions for more than one company within the Group, he or she may receive fixed base salaries from each such company for his or her function in such relevant company. The base salary of Executive Managers varies depending on their functions in the Board of Directors or otherwise corporate bodies of the Company and / or boards or management boards of the Company's subsidiaries, additional functions in the Group and the scope of their competence.

2.2. Determination of the total remuneration due from the Group is based on an analysis of market pay rates for persons performing functions of management board members, including entities with a similar profile of activity and scope of conducted activity, taking into account the needs and capabilities of the Group, individual qualifications and the level of experience of an individual Executive Manager and his/her scope of competence.

2.3. In addition to the base salary, Executive Managers may be entitled to variable remuneration in the form of a discretionary cash annual bonus and/or an award over the Company's shares under the Allegro Incentive Plan (the "**AIP**").

Annual Bonus

2.4. The annual bonus is a discretionary cash-based plan. The purpose of the annual bonus is to drive behaviour and communicate the key priorities for the year and motivate employees and incentivise delivery of performance over the one year operating cycle.

2.5. Each year, the Executive Managers may have the opportunity to participate in the annual bonus. The on target size of the bonus for a relevant year as a percentage of annual base salary, with potential downward and upward deviations of the final amount of the bonus depending on the overall degree of target achievement, shall be reasonably determined by the Committee. It is generally set at up to 75% for all Executive Managers, apart from the CEO, for whom it is set at 100% of the annual base salary, though the Committee retains discretion to exceed the on target size of the bonus if it considers appropriate in the circumstances.

2.6. The amount of the annual bonus depends on:

2.6.1. the amount of the annual base salary of an Executive Manager;

2.6.2. the degree of implementation of management objectives relating to the Group's performance, including financial and any other objectives as may be determined by the Committee from time to time, as defined for the Executive Managers; and

2.6.3. individual assessment of the work of the relevant Executive Manager.

AIP

2.7. The AIP is a discretionary long-term incentive plan under which awards over shares in the capital of the Company ("**Shares**") are granted to selected employees, including Executive Managers. The purpose and objective of the AIP is to align the Executive Managers' interests with that of the Group and to contribute to the actual long-term financial standing and stability of the Group and long-term shareholder value creation.

2.8. Under the AIP, selected Executive Managers are granted awards in the form of Performance Share Units ("**PSU**") or Restricted Stock Units ("**RSU**"). The PSUs and RSUs give the participants a right to receive Shares for free on completion of a vesting period and, in the case of PSUs, subject to the satisfaction of performance conditions. The Committee may also grant awards in other forms, such as share options, in addition to one-off special PSU awards (e.g. for new hires or on completion of a transaction). Awards typically vest in three annual tranches with 25%, 25% and 50% respectively on the first, second and third anniversaries of the date of grant (subject in the case of PSUs to the applicable performance conditions being met at the end of the 3-year period).

2.9. The normal maximum value of award granted in a relevant year for Executive Managers is up to 200% of annual base salary, or up to 300% of annual base salary for the CEO or, in exceptional circumstances, for other Executive Managers. Where in the Committee considers there to be significant circumstances e.g. the acquisition of a new entity by the Group, an additional award of up to 150% of annual base salary or, in the case of a new joiner, the maximum required to align with their previous contract of employment, can be awarded.

2.10. Awards in the form of PSUs are subject to performance conditions which are determined by the Committee at the time of grant. The performance conditions for the AIP grants currently include GMV and adjusted EBITDA. The Committee also determines the weighting of the performance conditions at the time of grant.

2.11. Any performance condition may be amended or substituted if one or more events occur which cause the Committee to consider that an amended or substituted performance condition would be more appropriate. Any such amended or substituted performance condition will, in the reasonable opinion of the Committee, not be materially more or less difficult to satisfy. The Committee also retains discretion to determine different performance conditions (and different weightings) for future grants of PSUs, where it considers appropriate to better align those PSUs with the long-term interests of the Group.

Additional benefits

2.12. Executive Managers may be entitled to receive additional benefits from the Group, including, but not limited to, the right to use a selected healthcare package and life and disability insurance financed by the Group. If an Executive Manager relocates to perform their role, additional support may be provided in line with the Group's employee mobility policies and practices. The Company also provides to the Executive Managers, at its own expense, insurance against any damage resulting from claims which have arisen from the liability of members of the bodies of a capital company (D&O liability insurance).

New joiners

2.13. As set out above in paragraph 9 in relation to the AIP, Executive Managers may receive special cash or AIP awards upon joining the Group, where it is considered appropriate by the Committee, in particular when it relates to compensation for, or buy out from, the new joiner's contract in their previous employment. Such payments should be of a retention nature and subject to vesting terms and mandatory pro-rata repayment in the event of occurrence events determined by the Committee (at least the Executive Manager's resignation) within a period of not less than 36 months.

3. Description of termination terms, payments linked to terminations and payments for the observance of post-termination restrictive covenants.

3.1. The contracts under which the Executive Managers perform work for the Group ("**Contracts**") may be terminated by each party, subject to a notice period of no less than 3 and no more than 12 months.

3.2. Each party shall have the right to terminate the Contract with immediate effect, for reasons specified either in binding provisions of law or in the contract, relating in particular to gross breach of contractual duties or legal obligations.

3.3. The Executive Managers may be released from the obligation to perform normal work during the notice period, provided that the Executive Managers should remain available during the notice period to provide the necessary assistance to the Group, in particular to ensure a smooth handover of their duties. The Committee may determine that individual assessment of the work of the relevant Executive Manager will not be made for the calendar year (or years), in which the Executive Manager is released from obligation to perform work during notice period and that therefore it will not impact the amount of the annual bonus due for such year(s).

3.4. Executive Managers may receive compensation for complying with post-termination non-compete undertakings. The amount of such compensation may not be lower than the minimum compensation provided for in binding provisions of law and may not be higher than 100% of the base salary of a relevant Executive Manager for a period equal to the period over which the undertaking is to be observed, such period not exceeding 12 months. A non-compete agreement with an Executive Manager shall specify whether and under what conditions the Company or the relevant subsidiary of the Company may withdraw from or terminate such agreement.

3.5. Executive Managers may receive other benefits related to the termination of employment in the Group, which, in the Committee's reasonable opinion, are consistent with good market practice. In particular, Executive Managers may be entitled to a benefit to cover the reasonable costs of repatriation to the country of their permanent residence.

4. Description of composition of remuneration of the Non-Executive Directors

4.1. Remuneration for the office of non-executive Director is determined at the General Meeting of the Company in a resolution to this effect.

4.2. The non-executive chairman of the Board is entitled to an all-inclusive fixed fee. Other non-executive Directors may receive varying fixed fees, depending on the function performed, in particular non-executive Directors performing functions in committees may be entitled to additional fees.

4.3. The amount of remuneration of non-executive Directors is determined taking into account the objective of guaranteeing their independence and their competence in supervision over the Group's activities.

4.4. To the extent legally possible, non-executive Directors may be granted reimbursement of expenses incurred in connection with the function performed and additional benefits, in particular the Company may provide to the non-executive Directors, at its own expense, insurance against any damage resulting from claims which have arisen from the liability of members of the bodies of a capital company (D&O liability insurance).

4.5. Non-executive Directors will not be entitled to any form of variable remuneration and the remuneration and any benefits of non-executive Directors will not include or be linked to:

4.5.1. options or other derivatives or any other variable components; or

4.5.2. the Group's results.

5. Description of the Remuneration Report

5.1. In accordance with article 7ter of the Law, the Company shall draw up a clear and understandable Remuneration Report which provides a comprehensive overview of the remuneration, including all benefits in whatever form, awarded or due during the last financial year to each Director in accordance with the Remuneration Policy. Such Remuneration Report shall be prepared by the Committee and submitted to the Board of Directors prior to submission to the General Meeting.

5.2. The Remuneration Report shall, at least, contain the following information regarding the individual remuneration of each Director (and may include any other items that may be required from time to time under the code of best practice applicable at the time to companies listed on the Warsaw Stock Exchange):

5.2.1. the total remuneration split out by component, the relative proportion of fixed and variable remuneration, an explanation how the total remuneration complies with the Remuneration Policy, including how it contributes to the long-term performance of the Company and information on how the performance criteria were applied;

5.2.2. the annual change of remuneration, of the performance of the Company and of the average remuneration on a full-time equivalent basis of employees of the Company and the Group other than Directors of the Company over at least the five (5) most recent financial years, presented together and in a manner which permits comparison;

5.2.3. any remuneration paid by the Group;

5.2.4. the number of shares and share awards granted or offered and the main conditions for the exercise of the rights including the exercise price and date and any change of such condition;

5.2.5. information on the use of the possibility to reclaim variable remuneration; and

5.2.6. information on any deviations from the procedure for the implementation of the Remuneration Policy.

6. Share ownership guidelines

6.1. The Company has adopted share ownership guidelines which require executive Directors and Key Managers to hold a percentage of their total annual base salary due from the Group (the "**Total Salary**") in shares of the Company during their office or employment and for two years after termination of such office or employment.

6.2. For the Chief Executive Officer (CEO), this is 300% of the Total Salary, for other executive Directors, this is 200% of Total Salary and for other Key Managers, this is 100% of Total Salary.

6.3. Shares received from participation in any AIP which have vested and been released, will count towards the holding requirement. Individuals have four years from the date on which trading in the Company's shares on the Warsaw Stock Exchange commences or, if later, the commencement of their office or employment to reach the above-mentioned share ownership levels.

7. Transparency and handling of conflicts of interest in respect of remuneration.

7.1. Generally, the Company has established effective processes to avoid conflicts of interest and allowing the Directors to inform the Company of any such potential conflicts of interest. The same is true in respect of the elaboration of this Remuneration Policy and the determination and granting of remuneration and compensation in general.

7.2. To guarantee a fair and independent assessment of all aspects related to remuneration (including, in particular, the drawing up of this Remuneration Policy), a majority of the Committee shall, to the extent possible, be composed of independent non-executive directors.

7.3. As regards any potential conflict of interest arising from the fact that the Committee and the Board of Directors must consider the remuneration of their own members, when making any recommendation to amend the level of remuneration of Directors, the Board of Directors and the Committee shall rely upon the advice provided by reputable external advisers and abide by market practice of other comparable companies.

8. Derogation procedure

8.1. In exceptional circumstances, the Company may temporarily derogate from any element of this Remuneration Policy, in accordance with the Law. These exceptional circumstances cover situations in which the derogation from this Remuneration Policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

8.2. Any derogation from this Remuneration Policy requires the prior approval of the Committee who shall then submit a reasoned request for such derogation to the Board of Directors for approval. The remuneration report relating to the relevant financial year will include information on any derogation from the applicable version of the Remuneration Policy, including a justification for any such derogation.