

# THRACE PLASTICS HOLDING AND COMMERCIAL SOCIETE ANONYME

## Board Remuneration Policy

### Introduction

This Board Remuneration Policy (the “Policy”) has been approved by virtue of the Annual General Meeting’s resolution of the shareholders of “THRACE PLASTICS HOLDING AND COMMERCIAL SOCIETE ANONYME”, (the “Company”), dated June 18, 2019, and shall be effective for [4] years from that date (the “Term”) unless earlier revised and/or amended by virtue of another General Meeting’s resolution. The Policy has been prepared in accordance with the EU Shareholder Rights Directive<sup>1</sup> as incorporated into Greek legislation with Law 4548/2018 (Government Gazette A’ 104/2018).

### Policy overview

This policy applies to the remuneration of all company’s members of the Board of Directors (the “BoD”) and it aims at ensuring that the Company is remunerating its Directors on the basis of the Company’s short and long-term business plan, so as to ensure profitable organic growth through capacity increase, geographic expansion and value capture, as per the Company’s strategic objectives.

The Policy sets out details of both (i) the current rights of the BoD and obligations of the Company and (ii) the terms under which future remuneration may be offered to current and / or new Directors during the Term.

The Policy reflects the current Executive Directors’ remuneration arrangements. In addition, the Policy takes into consideration the provisions of the Company’s articles, the Company’s Corporate Governance Code and the Company’s Internal Regulation of Operation.

The Policy is available on the Company’s website at the address <https://www.thracegroup.com>

### Determination, review and implementation of the Policy

The Committee for the Remuneration & Nomination of Members of the Board of Directors (the “Committee”), has worked with all relevant units of the Company, as deemed necessary to arrive at this Policy, which has been recommended to and approved by the Board of Directors by virtue of a resolution dated 24/5/2019.

The Committee submits the Policy for approval to the Board of Directors. No member of the Board of Directors makes decisions or is responsible for their own remuneration. Once agreed by the Board of Directors, the Policy is submitted for approval at the Company’s Annual General Meeting of Shareholders.

The Committee will consider annually whether the Policy continues to be aligned to the Company’s business strategy or whether amendments should be recommended to the Board of Directors. Every four years (or earlier on a substantive change according to article 110 of Law 4548/2018) on the recommendation of the Committee, the Board of Directors will seek approval of the Policy at the Company’s Annual General Meeting of Shareholders with any amendments it deems appropriate at that time.

### How the Board Remuneration policy contributes to the Company’s business strategy and long-term interests and sustainability

The aim of this Policy is to ensure the Company is remunerating its Directors on the basis of the Company’s short and long-term business plan, so as to ensure profitable organic growth through capacity increase, geographic expansion and value capture, as per the Company’s strategic objectives.

The level of fixed pay – salary and board fees – for the BoD is established on the basis of paying fair and reasonable remuneration for the most appropriate person for the role, taking into account the level of responsibility, as well as

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<sup>1</sup> DIRECTIVE (EU) 2017/828 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 17 MAY 2017

the knowledge and experience required to deliver upon expectations, while ensuring that the Company pays no more than is necessary, always supporting its longer-term interests and sustainability:

- By providing a fair and appropriate level of fixed remuneration that does not result in over reliance on variable pay and undue risk taking, thereby encouraging the executive to focus on sustained long-term value creation.
- Balancing long-term and short-term incentives to ensure focus on both long-term goals and short-term goals that will build on value over time.
- By linking remuneration to short term objectives that will over time build to create long-term value creation.

The Policy does not include any long-term variable compensation.

### **How the pay and employment conditions of employees of the Company were taken into account when establishing the Policy**

The remuneration policy for the Executive Directors, as for all employees, is based on the principle of paying fair and reasonable remuneration for the best and most appropriate person for the role while ensuring that the Company pays fairly and competitively and in the longer-term interests and sustainability of the Company.

The Committee and BoD receive periodic updates on the wider employee remuneration structure and practices within the Company, which are considered when establishing, reconsidering and amending the Policy. This is to ensure that remuneration practices and structure are as consistent as possible across the Company.

In addition, the Committee and BoD are provided with information on remuneration trends across the Company including average pay increases along with any relevant economic data, such as the rate of inflation to take into account when operating the Policy.

### **The remuneration policy for Executive Directors**

The table below sets out the remuneration policy for the Executive Chairman & CEO, as well as the other Executive Directors:

Element and how it contributes to business strategy, long-term interests and sustainability of the Company	How it operates	Maximum and how it links to performance
<p><b>Fixed Pay</b> (consisting of annual Salary and annual Board Fees for the Executive Chairman and CEO and annual Salary only for the other Executives)</p> <p>To assist in the recruitment and retention of appropriate talent.</p> <p>To provide a fair fixed level of pay commensurate with the scope and responsibilities of the role.</p> <p>The annual Board Fees cover the time devoted to perform corresponding duties.</p>	<p>Fixed Pay is normally reviewed, but not necessarily increased, annually.</p> <p>The Company's policy is to set levels taking into account levels of pay at other companies of a similar size for roles of similar scope and responsibility.</p> <p>Decisions are influenced by:</p> <ul style="list-style-type: none"> <li>– The performance and experience of the individual</li> <li>– The performance of the Company</li> <li>– The individual's role and responsibilities</li> <li>– Pay and employment conditions elsewhere in the Company</li> <li>– Rates of inflation and market-wide increases across international locations</li> <li>– The geographic location of the executive.</li> </ul>	<p>Whilst there is no prescribed maximum level of salary, increases are expected to be set in alignment with the relevant compensation market.</p> <p>Larger increases may be awarded in certain circumstances including where the individual's role has an increase in responsibility or experience.</p> <p>Levels will be reviewed taking into account the performance of the individual and the Company.</p>
<p><b>Other benefits and coverage of business expenses</b></p>	<p>The Company does not provide benefits other than the statutory ones.</p> <p>The Company covers for legitimate business expenses in accordance with its Expenses' Policy.</p>	<p>As per legal requirements and Company's policy on expenses.</p>

Element and how it contributes to business strategy, long-term interests and sustainability of the Company	How it operates	Maximum and how it links to performance
<p><b>Short-Term incentive scheme</b></p> <p>To provide focus on the short-term performance of the Company, while building up over time to create long-term value for the Company.</p>	<p>At the start of each financial year, the Committee determines the performance measures and their weighting for the short-term incentive scheme to reflect the Company's business strategic initiatives for the year.</p> <p>The Committee sets demanding targets for the short-term incentives in the context of the Company's strategic plan, environment where it operates, internal financial planning, and market forecasts.</p> <p>At the end of the financial year, the Committee assesses the performance against these targets.</p> <p>Any amounts earned are paid wholly in cash.</p> <p>Details of the performance targets set for the year under review and performance against them will be provided each financial year in the implementation of policy section of the Remuneration Report unless there is commercial sensitivity preventing disclosure.</p> <p>Payments under the short-term incentive scheme will be subject to recovery for a period of at least 3 years from payment in the event of certain specified events including misstated financial statements of previous years or otherwise erroneous financial data used to calculate such short-term incentive scheme payouts and misconduct.</p>	<p>The sole criterion for payout for all Executive Directors of the Board who participate in the Scheme is the achievement of a Company's selected profitability measure (e.g. EBT, EBITDA, etc) at a predefined achievement level by the Committee.</p> <p>Upon 100% achievement of the above target, all Executives are entitled to a pre-defined short-term incentive payout, which is set at maximum 45% of Fixed Pay (excluding the Annual Board Fees for the Chairman and CEO).</p> <p>In case of exceeding performance expectations, the payout will be adjusted accordingly and in linear relationship with performance but will not exceed 150% of the amount that corresponds to 100% target achievement.</p> <p>Short-term incentive will not be paid for target achievement of less than 80%.</p> <p>Short-term incentive payout for target achievement between 80% and 150%, has a linear relation to the performance, that corresponds to 100% target achievement.</p> <p>The measures used and the respective performance will be clearly set out in the implementation of policy section of the Remuneration Report.</p>

## **Discretions and derogations from the Policy**

Temporary derogations from the Policy may be allowed in exceptional circumstances where it is considered by the Board of Directors necessary to serve the long-term interests and sustainability of the Company as a whole, or to assure its viability. Any derogation is required to be considered and approved by the Board of Directors.

The elements of the Policy from which a derogation is possible are those which determine short-term incentives. The BoD may determine under its power of derogation whether a higher annual incentive maximum opportunity is necessary, for example in circumstances of recruitment or retention or any other reason provided it is considered necessary as set out above. However, the maximum payout (of the annual short-term incentive), cannot exceed 115% of Fixed Pay (excluding the Annual Board Fees) for an Executive Director in a financial year.

## **Executive Directors' service contracts**

### ***Service contracts and loss of office***

The Company's Executive Directors of the Board are not entitled to special severance payments or other compensation by the Company for loss of office or otherwise howsoever arising, except those provided by the applicable law provisions each time.

### ***Treatment of variable pay awards***

At the discretion of the Company and following a recommendation by the Committee and a decision of the Board of Directors, short-term incentive scheme may become payable, at the normal payment date on a pro-rata basis, in cases of illness or full retirement, during the financial year, based on performance and employment period. In all other cases, no payment is made.

## **Approach to recruitment and promotions**

The recruitment remuneration package for a new Executive Director would be set, in accordance with the terms of the Company's approved remuneration policy.

On recruitment, Fixed Pay may be set below the normal market rate, with phased increases as the Executive Director gains experience.

**On an internal appointment, any variable pay element awarded in respect of the Executive Director's prior role will normally be allowed to continue according to its terms.**

On recruitment, the Company may compensate for incentive pay foregone from a previous employer. The new awards would take account of the structure of awards being forfeited (cash or shares), quantum foregone, the extent to which performance conditions apply, the likelihood of meeting any existing performance conditions and the time left to vesting. These one-off new awards are added to the variable pay defined by the Policy, and are not included, in the calculation of the above percentages of fixed or short-term incentives, described in this Policy.

## **The remuneration policy for Non- Executive Directors**

Non-executive Members of the Board of Directors receive exclusively a fixed remuneration, namely remuneration nonrelated to the achievement of predetermined quantitative and qualitative targets on behalf of them or to the Company's financial position, profitability, performance and perspectives.

This is because based on the current regulatory framework, on the one hand non-executive Members of the Board of Directors do not handle nor are responsible for the day-to-day management of the Company, and on the other hand remuneration and other compensation of non-executive Board members is proportional to the time they devote to Board meetings, to the Committees they participate, and the fulfilment of the responsibilities delegated to them according to the Law.

Fixed remuneration means the remuneration and amounts that in order to be granted meet the conditions thereof:

- are determined based on predetermined criteria,
- do not depend on performance,

- are of a permanent nature, namely are maintained for the time period connected with the specific role and management responsibilities,
- are irrevocable, in the sense that the amount paid can only be altered upon renegotiation between the parties concerned.

Fixed remuneration of non-executive Members of the Board of Directors includes:

- I. Fixed remuneration paid pursuant to any existing service agreement or remunerated mandate (annual fixed remuneration) with the company or affiliated business
- II. compensation for participation in the Board of Directors meetings,
- III. compensation for any participation in specific Committees of the Board of Directors (i.e. Audit Committee, Committee for the Remuneration & Nomination of Members of the Board of Directors),
- IV. benefits in kind (indicatively use of corporate vehicle/mobile phone/laptop/corporate credit or debit card/fuel card, private health or life insurance, participation in pension schemes).

Moreover, the Company covers any costs related to transportation, accommodation and alimentation expenses which are relevant to the fulfilment of the non-executive Members of the Board of Directors duties.

Fixed remuneration of the non-executive Members of the Board of Directors must be competitive and appropriately configured, in order to attract and retain non-executive Members of the Board of Directors who have the appropriate knowledge, skills, experience, attitudes necessary for the Company.

For the determination of the fixed remuneration, elements such as the academic background, prior experience, know-how, demands connected to such position and range of responsibility of the relevant Director, their diligence and effectiveness, development of initiatives for the benefit of the Company's interest and the wage-working conditions of the other employees of the Company shall be considered.

The Company shall to the possible extent condense these meetings (both of the Board of Directors and the relevant Committees), avoiding the injurious practice of successive and adopting the practice aiming at meetings with more items for discussion and decision-making.

Fixed remuneration and compensation of non-executive Members of the Board of Directors are paid in accordance with the applicable tax legislation and are subject to the deductions provided for by the applicable tax and insurance legislation.

The Committee submits proposal to the Board of Directors, regarding the remuneration of non-executive Members of the Board of Directors. Once agreed by the Board of Directors, it is submitted for approval to the annual Ordinary General Meeting.

On appointment of a new Non-Executive Director, the fee arrangement will be set in accordance with the Company's remuneration policy in force at that time. No remuneration is payable on cessation except for those fees being payable to the date of cessation.

Independent non-executive Members of the Board of Directors, in particular, must submit to the Company any requested supporting documentation for the proper collection of their remuneration and compensation in order to prove the fulfilment of the criteria set out in the law for their designation as independent members.

## **Policy on external appointments**

Subject to Board of Directors' approval, Executive Directors may accept or retain external Non-Executive Director positions and retain the fees payable for such appointments.

Account of and compliance with, where appropriate, should be taken of any guidance or regulation on time commitment and number of Non-Executive director roles to be held in any applicable corporate governance code, shareholders' guidelines and the law.

## **Legacy arrangements**

In approving this Policy, authority is given to the Company to honour any commitments already entered into with Directors, prior to the effective date of this Policy. Details of any such payments (derived from previous commitments) will be set out in the Remuneration Report as they arise.