

# REMUNERATION POLICY

## of Members of the Board of Directors and Senior Management

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## A. Introduction

This Remuneration Policy of the Members of Board of Directors and Senior Management<sup>1</sup> (hereafter the “Policy”) is being approved by virtue of the resolution of the Annual Ordinary General Meeting of the shareholders of “THRACE PLASTICS CO. SOCIETE ANONYME”, (the “Company”) and shall be effective for four [4] years from the respective approval date (hereafter the “Term”) unless it is being earlier revised and/or amended by virtue of another resolution of the General Meeting of Shareholders. The Policy has been prepared in accordance with the EU Shareholder Rights Directive<sup>2</sup>, as incorporated into the Greek legislation via the provisions of Law 4548/2018 (Government Gazette A’ 104/2018) and is also in accordance with the relevant provisions of Law 4706/2020 about corporate governance as currently in force.

## B. Scope of Application

This policy covers the remuneration of the members of Board of Directors (henceforth the “BoD”), its Committees and of the Senior Management (henceforth the “SM”).

### Principles

The Policy sets out details of the existing rights of the members of BoD, its Committees and the SM as well as the obligations of the Company, and the conditions by which any future remuneration may be granted to existing and future members of the BoD, its Committees and the SM during the above term.

The Policy reflects the current remuneration arrangements and the main framework with regard to the Executive and Non-Executive Members of BoD and the Senior Management. In addition, the Policy is free of discriminations and takes into consideration the provisions of the Company’s Articles of Association, Corporate Governance Code and Internal Regulation of Operation.

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<sup>1</sup> Senior Management (SM): the term refers to the Executives of the Parent Company who report to the Chief Executive Officer. They are also the Managing Directors/General Managers of the Group’s subsidiaries.

<sup>2</sup> DIRECTIVE (EU) 2017/828 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS OF 17 MAY 2017.

No member of the Board of Directors makes decisions about their remuneration. The Policy is approved by the Annual Ordinary General Meeting of the Company's Shareholders.

Every type of remuneration – i.e. fixed, variable – for the members of BoD, its Committees and the SM is established on the basis of paying the fair and reasonable remuneration to the most appropriate person for each role at the time. Furthermore, the provision of a fair and appropriate level of fixed remuneration, discourages any over-reliance on variable remuneration and any unnecessary risk-taking.

The Company pays competitive fees in order to attract and employ the most capable members of the senior management and to serve its long-term interests and sustainability.

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

### **C. Aim of the Policy**

The purpose of the present Policy is to ensure that the Company remunerates the members of the Board of Directors, its Committees and the SM, based on its short-term and long-term operational plan, in order to ensure the following:

- a. the establishment of the basic and fundamental rules, principles and general guidelines, followed by the Company during the process of determining the remuneration, compensation, fees, salaries and other benefits paid to the members of the Board of Directors, its Committees and the Supervisory Boards in accordance with the definition of the provision of Article 2 of Law 4706/2020,
- b. the appropriate, complete and effective harmonization and compliance of the Company with the existing legislative and the broader regulatory framework, attaining a high level of transparency, meritocracy, competitiveness and pursuit of the shareholder interest,
- c. the establishment of a reasonable and fair level of remuneration that aims to achieve both long-term and short-term goals with the corporate interest in mind,
- d. ensuring that the remuneration, compensation and other benefits paid are proportionate to the duties, responsibilities and responsibilities of the beneficiaries,

e. preventing the emergence of conflict of interest situations, in accordance with the specific provisions of the Company's Internal Operating Regulation.

### **Responsibilities**

The Human Resources Department in collaboration with the Nomination and Remuneration Committee (hereafter the "RNC") defines the Policy and proposes amendments as required. RNC and recommends amendments concerning the Policy to the Board of Directors for approval and proceeds with the relevant recommendation to the Annual Ordinary General Meeting of Shareholders.

## **D. Remuneration Policy for the Executive Members of the Board of Directors**

(Executive Chairman, Chief Executive Officer, as well as any other Executive members of the BoD)

### **D.1 Fixed Remuneration**

Fixed Remuneration is commensurate with the scope and responsibilities of the role of each subject person and also helps to attract and retain the appropriate executive members. Fixed Remuneration is reviewed annually without obligation to increase.

For the Executive Chairman, the Fixed Remuneration includes an annual Salary and the annual Fee for participation in the Board of Directors and its Committees, as well as any special additional fees in accordance with the provisions set out below (under point D.3).

For the Chief Executive Officer and the other Executive members of the Board of Directors, Fixed Remuneration includes an annual Salary for the performance of their duties, as well as any special additional fees in accordance with the provisions set out below (under point D.3).

The Fixed Remuneration of the Executive Members of the Board of Directors is determined by taking into consideration the market standards in companies of similar size as well as the performance and experience of the executive member, the performance of the Company, the role and responsibilities of the executive member, the salary and working conditions prevailing in the Company, the inflation rates

and fee upgrades of the wider market internationally and the executive member's workplace geographic location.

Although there is no cap on salaries, any increases are generally expected to be in line with the increases applicable in the relevant market of reference. Greater increases may be granted in specific cases, such as when the duties of the executive member's role require larger responsibilities and experience. Fixed remuneration levels are reviewed taking into consideration the performance of the executive member and the Company.

The Company, in accordance with its Articles of Association, provides the option according to which the remuneration for participation in the Board of Directors (and its Committees) consists also of a participation in the earnings of the year, in accordance with the currently applicable provisions of Law 4548/2018.

Therefore, the present Policy stipulates that the Chairman of the Board of Directors may receive an annual fee, which will consist of participation in the net earnings of the closing fiscal year each time of the Group Companies, in accordance with the provisions of article 109, par. 2 of Law 4548 / 2018.

The relevant amount (in terms of percentage) will be specified by a relevant decision of the Annual Ordinary General Shareholders' Meeting of the Company, which will be taken by a simple quorum and majority and must specify the amount of remuneration paid.

The Company proceeds with the above provision, as it recognizes the special importance of the position, executive duties and responsibilities of the Chairman of the Board of Directors. The Company seeks through the above, the provision of additional incentives for its continuous and smooth development, as well as for the achievement of its business goals.

## **D.2 Benefits and Coverage of Professional Expenses**

The Company and its subsidiaries may provide a benefits package in accordance with the local labor market practices and the generally applicable legislative and regulatory framework. Benefits may include a Group Life and Health Insurance Policy, pension plan, corporate car and related expenses, meal arrangements, long-term or reward benefits, etc.

The Company covers professional expenses based on the relevant corporate policy.

### **D.3 Variable Remuneration**

The variable remuneration aims to reward short-term performance based on the respective goals of the Company and is paid through payroll or profit distribution.

At the beginning of each fiscal year, the Board of Directors via the Nomination & Remuneration Committee determines the performance criteria and their weights on the short-term incentive program, in accordance with the Company's business strategy for the year under consideration. The Board via the Committee sets challenging goals for the short-term incentive program, in the context of the Company's business plan, the commercial environment, the internal financial plan and the relevant market forecasts. At the end of the year, the Board of Directors via the Nomination & Remuneration Committee evaluates the performance achieved in comparison to the objectives that have been set.

Details of the targets set for the year under consideration and the performance achieved against those targets are set out each financial year in the policy implementation section of the annual Remuneration Report, unless disclosure is prohibited due to commercially sensitive data.

Payment of fees within the framework of the short-term incentive program may be recovered for a period of at least 3 years from the date of payment, in specific cases, including inaccurate reporting of financial statements of previous years or generally incorrect financial data.

In general, the performance criteria may be up to three (3) and are approved annually based on the priorities arising from the strategic planning, as the latter is approved by the Board of Directors.

Upon 100% achievement of the above target, all Executive Members of the Board of Directors receive a predetermined fee, which has a maximum limit of 45% of the Annual Fixed Remuneration (the calculation does not include the Special Fees and for the Chairman of the Board the annual Board Fees).

In case of higher performance, remuneration will be adjusted accordingly and in a linear relationship with respect to performance, without exceeding 150% of the annual variable remuneration, which corresponds to achieving a 100% target.

Variable remuneration is not paid for achieving a target lower than 80%.

The remuneration corresponding to a target achievement greater than 80% and less than 150% has a linear relationship with respect to performance, which corresponds to a target achievement of 100%.

The criteria used and the corresponding performance will be clearly set out in the policy implementation section of the annual Remuneration Report.

#### **D.4 Special Additional Remuneration**

The Company may grant special additional remuneration to the Executive Members of the Board of Directors, related to the supervision, responsibilities and duties they hold each time following a relevant proposal by the Nomination & Remuneration Committee to the Board of Directors, through the allocation of earnings in compliance with the relevant procedure (decision of the pertinent Ordinary General Meeting of Shareholders).

The special additional remuneration does not depend on other remuneration received by the Executive Members of the Board of Directors. It is paid with the aim of retaining the most capable and suitable persons in the executive positions of the Board of Directors as they undertake extended duties and high responsibility under the concept that they are competent and also responsible for the proper operation, administration and representation of the Company.

This special additional remuneration is part of the Fixed Remuneration, with the essential difference that it is paid to the Executive Members of the Board of Directors first through the allocation of earnings as per the provisions above and only if for any reason this allocation is not possible, it is paid in the manner by which the other Fixed Remuneration is being paid.

### **E. Remuneration Policy for the Senior Management (SM)**

#### **E.1 Fixed Remuneration**



The Fixed Remuneration consists of the annual salary and of any special additional remuneration (as defined below in point E.4). Fixed remuneration is commensurate with the scope and responsibilities of the role of each subject person and also facilitates the process to attract and retain the appropriate executive members. Fixed remuneration is reviewed annually and there is no obligation to increase its level each time.

The Fixed Remuneration is determined by taking into consideration the market standards in companies of similar size as well as the performance and experience of the executive, the performance of the Company, the role and responsibilities of the executive, the salary and working conditions prevailing in the Company, the inflation rates and fee upgrades of the wider market internationally, and finally the executive's workplace geographic location.

Although there is no cap on the Fixed Remuneration, any increases are generally expected to be in line with the increases applicable in the relevant market of reference. Greater increases may be granted in specific cases, such as when the duties of the Executive's role require larger responsibilities and experience. Fixed remuneration levels are reviewed by taking into consideration the performance of the Executive and the Company.

## **E.2 Benefits and Coverage of Professional Expenses**

The Company and its subsidiaries may provide a benefits package in accordance with the local labor market practices and the generally applicable legislative and regulatory framework. Benefits may include a Group Life and Health Insurance Policy, pension plan provision, offering of a corporate car, meal arrangements, long-term or reward benefits, etc.

The Company covers professional expenses based on the relevant corporate policy.

## **E.3 Variable Remuneration**

The variable remuneration aims to reward the short-term performance based on the respective corporate goals and is paid through payroll or allocation of earnings (either of the Parent Company

and/or its subsidiaries, especially with regard to the Senior Management Members that are linked to a legal relationship with a subsidiary company as well).

At the beginning of each fiscal year, the Chief Executive Officer (CEO) determines the performance criteria and their weights on the short-term incentive program, in accordance with the Company's business strategy for the year under consideration. The CEO sets challenging goals in the context of the Company's business plan, the commercial environment, the internal financial plan and the relevant market forecasts. The determination of the goals of the Senior Management Members is carried out by the Chief Executive Officer in collaboration with the Nomination & Remuneration Committee and with the provision of relevant information to the Board of Directors. At the end of the year, the CEO evaluates the performance achieved in comparison to the goals and objectives that have been set. The evaluation of the goals is carried out via a collaboration between the Chief Executive Officer and the Nomination & Remuneration Committee with a final approval being granted from the Board of Directors.

Payment of fees within the framework of the short-term incentive program may be recovered for a period of at least 3 years from the date of payment, in specific cases, including inaccurate reporting of financial statements of previous years or generally incorrect financial data which were used to calculate such payments, or in case of misconduct.

In general, the performance criteria are approved annually based on the priorities arising from the strategic planning, as the latter is approved by the Board of Directors.

Upon 100% achievement of the target, the Senior Management receives a predetermined fee which has a maximum limit of 45% of the Annual Fixed Remuneration (Special Fees are not included in the calculation).

In case of higher performance, the remuneration will be adjusted accordingly and in a linear relationship with respect to performance, without exceeding 150% of the annual variable remuneration, which corresponds to achieving a 100% target.

Variable remuneration is not paid for achieving a target lower than 80%.

The remuneration corresponding to a target achievement greater than 80% and less than 150% has a linear relationship with respect to performance, which corresponds to a target achievement of 100%.

**E.4. Special Additional Remuneration**

The Company may grant special additional remuneration to the Senior Management Members, related to the responsibilities and duties they hold each time following a relevant proposal by the Nomination & Remuneration Committee to the Board of Directors, through the allocation of earnings in compliance with the relevant procedure (decision of the pertinent Ordinary General Meeting of Shareholders).

The special additional remuneration does not depend on other remuneration received by the Senior Management Members. It is paid with the aim of retaining the most capable and suitable persons as they undertake extended duties and high responsibility under the concept that they are reliable individuals entrusted with a series of extremely important tasks for the organization and operation of the Company.

The method of distribution (per Senior Management Member) of the above special additional remuneration may fall within the competence of the Board of Directors, upon proposal of the Nomination & Remuneration Committee, provided that the Annual Ordinary General Meeting of Shareholders grants the relevant authorization.

This special additional remuneration, whenever provided, constitutes part of the Fixed Remuneration, with the essential difference that it is paid to the Senior Management Members first through the allocation of earnings as per the provisions above and only if for any reason this allocation is not possible, it is paid in the manner by which the other Fixed Remuneration is being paid.

**F. Deviations from the Policy**

A deviation from the Policy is reviewed and approved for important business reasons by the Board of Directors, in order to serve the long-term interests of the Company as a whole and to ensure its sustainability.

Deviations may only be observed in elements of the Policy which are included in the short-term incentive plan. The Board of Directors may set a higher level of remuneration than the one set out in the variable

remuneration plan, such as for example in cases of recruitment or retention or for any other reason, provided that it is deemed necessary.

However, the maximum level of remuneration (of the short-term incentive plan), cannot exceed 115% of the Fixed Remuneration (excluding the annual remuneration of the Board of Directors) of an Executive Board Member or a Member of the SM, in a certain financial year.

## **G. Contracts between the Company and members of the Board of Directors or SM**

### **Compensation due to Termination of the Contract by the Company**

The Executive Members of the Board of Directors of the Company and the SM, are not entitled to special severance payments or other compensation by the Company for any loss of employment beyond legal provisions.

### **Remuneration management based on annual variable remuneration plans**

At the discretion of the Company and upon the recommendation of the Nomination and Remuneration Committee and the decision of the Board of Directors, the Executive Board Member or the member of SM who resigns, may receive a proportionate remuneration from the Annual Variable Remuneration Plan based on the performance and the period of employment in the Company, in cases of illness or retirement during the financial year under consideration. In all other cases, no fee will be paid.

### **Recruitment and Promotions**

The total remuneration for the recruitment of a new Executive Member of the Board of Directors or SM, will be defined in accordance with the terms of the approved Policy of the Company.

Upon recruitment, Fixed Remuneration may be set below market levels and gradually increase as the Executive Board member or the Member of SM gains experience.

Upon recruitment, the Company may reimburse the Executive Member or the Member of SM for the variable remuneration that the previous employer would provide. The determination of these

extraordinary variable remuneration will take into account the amount and structure of the variable remuneration that will be lost by the new Executive Member or the Member of SM (e.g. cash or shares), the degree to which the respective performance criteria exist and the probability of their fulfilment, as well as the remaining time for fulfilling the vesting conditions. These special variable fees are added to the variable remuneration defined by the Policy, without being taken into consideration in the above rates of fixed or variable remuneration described in the present Policy.

## **H. The Remuneration Policy for Non-Executive Board Members**

The Non-Executive members of the Board of Directors of the Company are paid exclusively Fixed Fees for the performance of their duties, as described in particular in article 7 of Law 4706/2020. The particular fees are not dependent on the achievement by these non-executive members of any predetermined quantitative and qualitative objectives or are not dependent on the financial position, profitability, performance and prospects of the Company.

Moreover this occurs as under the current regulatory framework the Non-Executive Members of the Board of Directors are not engaged with, nor are they in charge of the day-to-day management of the Company.

The Fixed Remuneration of the Non-Executive Members of the Board of Directors must in any case be competitive and appropriately structured, so that it is possible to attract and retain board members who have the appropriate knowledge, ability, skills, experience and behavior that the Company actually requires.

In any case however for the determination of the Fixed Remuneration granted to the Non-Executive Members of the Board, the complexity and importance of their work and the scope of the tasks assigned to them, the degree of experience and any special knowledge they possess, their theoretical training, their know-how, their consistency and effectiveness, the development of initiatives that will enhance corporate interest, the length of employment, their participation in specific Committees of the Board of Directors as well as the number of meetings (with regard to the Board of Directors and its Committees) in which they participate are taken into consideration.

Fixed Remuneration refers to the remuneration and amounts that in order to be granted meet the

conditions thereof:

- are based on predefined criteria,
- do not depend on performance and achievement of goals,
- are permanent, i.e. they are maintained for a period of time related to the specific role and management responsibilities,
- the remuneration is irrevocable, in the sense that the amount paid can only be altered after renegotiation between the interested parties.

The Fixed Remuneration of the Non-Executive Members of the Board of Directors includes the following:

- I. Fixed remuneration paid pursuant to any existing service agreement or remunerated mandate (annual fixed remuneration) with the Company or any subsidiary company,
- II. the compensation for the participation in the meetings of the Board of Directors,
- III. the compensation for any participation in special Committees of the Board of Directors (i.e. Audit Committee, Nomination & Remuneration Committee) etc.,
- IV. any benefits that may be included in kind (indicatively, provision of private health and / or life insurance, participation in pension schemes).

The Company also pays any expenses (out of pocket expenses) with regard to travel, accommodation and meal expenses related to the fulfilment of the duties of the Non-Executive Members of the Board of Directors.

The Fixed Remuneration of the Non-Executive Members of the Board of Directors are paid in accordance with the provisions of the current tax legislation and are subject to the deductions provided by the current tax and insurance legislation. The remuneration of the Non-Executive Members of the Board of Directors is approved by a special decision of the annual Ordinary General Meeting of the Company's Shareholders, following a proposal by the Nomination & Remuneration Committee to the Board of Directors, and in turn following a proposal by the latter to the Annual Ordinary General Meeting.

When appointing a new Non-Executive Member of the Board of Directors, the remuneration will be agreed in accordance with the Company's Remuneration Policy in force at the time. Upon termination in any manner of a Non-Executive Member, no remuneration is due, except for those remuneration due at the time of termination.

Especially the independent Non-Executive Members of the Board of Directors and with regard to the proper collection of their remuneration and compensation are obliged to submit to the Company any supporting documents requested to prove the fulfilment of these criteria set by law for their designation as independent members.

The Vice Chairman of the Board of Directors receives higher remuneration than the other Non-Executive Members of the Board, as does the Chairman of each Committee compared to the other members.

As far as the Audit Committee is concerned, members outside the Board of Directors may participate, in accordance with the provisions of the Law on Corporate Governance. In this case, the remuneration of these members, for their participation in the Audit Committee, will be twice as much as if they were also members of the Board.

Finally, the Non-Executive Members can participate in other Committees apart from the Board Committees. The fees for the above participation shall be approved by the Board of Directors.

## **I. Importance of remuneration or benefit for independent Non-Executive board members**

According to the provisions of law 4706/2020 (9/2/a) on corporate governance, in order to characterize a Non-Executive Member of the Board as an independent, both at the beginning and during tenure, this member must not directly or indirectly hold a percentage of voting rights greater than zero point five percent (0.5%) of the share capital of the Company. At the same time, the member must be free from financial, business, family or other dependent relationships, including the receipt of any significant remuneration or benefit from the Company or a another company affiliated with it. According to the above, it is ensured that the remuneration and benefits received by the independent non-executive

members are in line with their independence.

The essential criterion that the Company takes into account in assessing the importance of remuneration for each independent Non-Executive member is the regular comparison with market data in companies with similar size, structure, and complexity of activities.

## **J. Additional Commitments of Members**

Subject to the approval of the Board of Directors, the Executive members of BoD may accept or retain positions of being Non-Executive Board Members in other companies and retain the remuneration paid for such positions.

For the above positions, the provisions of legislation, the Code of Corporate Governance applied by the Company, the policies of institutional investors - shareholders regarding the commitment of members, the cases of avoidance of conflicts of interest, and the number of non-executive positions taken by each member should be taken into consideration.

## **K. Pre-existing Commitments**

Upon approval of the present Policy, the Company reserves the right to comply with any contractual obligations already assumed by the Board members, prior to the effective date of this Policy. Details of these payments (based on pre-existing contractual commitments) will be listed in the Remuneration Report as they arise.



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