Reg. No.: 121914222000

REMUNERATION POLICY

SUMMARY OF CONTENT

1. OVERVIEW

1.1 Role of remuneration policy in the company’s business strategy, long-term interests and sustainability

The company is on a course of rapid growth and staying such a course depends, amongst other things, upon recruiting and retaining top-level directors, in both executive and non-executive positions. Such directors are essential to serving the company’s long-term interests in general and ultimately its very sustainability.

Meanwhile, serving the company’s business strategy, its long-term interests and its sustainability demands that its directors be paid within a reasonable framework that, on the one hand, provides the necessary flexibility to allow remuneration to motivate such directors with incentives compatible with the company's changing business strategy and, on the other, places limitations on those incentives so they do not tip the balance in favour of short-term results at the expense of the company's long-term healthy growth.

Lastly, transparency of these directors’ remuneration and the manner and framework of its adoption make the company more appealing to investors.

The aim of this remuneration policy is to transparently help to provide the appropriate incentives to senior positions of responsibility in terms of salary so the company can recruit high-quality human resources while mitigating distorted incentives with regard to remuneration. By achieving this aim, the remuneration policy serves the company's business strategy, its long-term interests and its sustainability from the perspective described above.

The remuneration policy achieves this goal primarily by instituting decision-making procedures regarding salaries, fair boundaries in the relation between fixed and variable remuneration, rules about deferring and recovering variable remuneration, the receipt by non-executive members of the Board of Directors of only fixed remuneration in cash and in general by providing a comprehensive framework regarding the remuneration of persons who fall within its scope.

1.2 Scope

The remuneration policy applies to members of the company's Board of Directors, the general manager (if there is one) and the deputy general manager (if there is one) in accordance with Articles 110 and 111 of Greek Law 4548/2018.

The directors falling within the scope of this policy will be asked to agree that this policy is an integral part of their employment contract or service agreement or any other legal relationship with the company.

This remuneration policy does not affect the obligations already assumed by the company towards its directors who fall within its scope, and which will be honoured by the company.

1.3 Approval – review – revision - conflict of interest – duration

The company's Board of Directors adopts the remuneration policy and submits it for approval before the general meeting of shareholders. It is also responsible for implementing it.

Given the size of the company, the main tool for preventing conflict of interest is that, when salaries (for any position) are being discussed or decided for each member of the Board of Directors, that member does not take part in the discussion or vote, as specified in the company's conflict of interest prevention policy.

The general meeting approves the remuneration policy. The results of the vote are binding. The approved remuneration policy and the date and results of the vote are entered in GEMI and made available on the company's website (www.papoutsanis.gr) for the entire period it is in force, without charge.

This remuneration policy has a duration of 4 years from its approval by the company's general meeting of shareholders. The Board of Directors must annually consider whether the remuneration policy is achieving its aim and continues to serve the company's business strategy, its long-term interests and its sustainability. If not, it shall revise it by proposing what it believes are necessary changes. In any case, the Board of Directors shall submit the remuneration policy for approval every time there is a material change in the conditions with which it was first drawn up.

Within the meaning of Article 9(2)(a) of Law 4706/2020, significant remuneration or benefit is that which annually exceeds 100% of total fixed remuneration received by the person whose independence is assessed for participating on the Board of Directors and/or participation on Board committees or independent committees.

When revising the remuneration policy, in its relevant draft resolution the Board of Directors will describe and explain all changes, as well as the manner in which there was consideration of shareholder votes and opinions on the policy and on remuneration reports since the last vote on the policy at the general meeting onwards.

1.4 How wages and working conditions for company employees are taken into consideration when laying down this policy

The remuneration policy originates from the position that those within its scope of application, as every company employee, should ideally be paid reasonably and fairly based on their responsibilities, contribution, performance and need as a way of serving the company’s long-term interests and sustainability by allowing it to recruit and retain the best person for each position.

The Board of Directors receives information about the structure and overall level of remuneration provided to company personnel and takes it into consideration in instituting and reviewing this policy. In this way, it strives to ensure cohesion in the company's practices and benefit structure, while recognising that the benefit structure of the company’s directors necessarily must be different than that of employees at lower-level positions, due to the responsibilities of the former and significant – positive or negative – impact they have on the company's course.

Remuneration of non-executive members of the Board of Directors, by the nature of their role and responsibilities at the company, are not structurally comparable to those of executive members and other managers and employees at the company.

2 TYPES OF REMUNERATION

2.1 Fixed remuneration

This is remuneration the payment of which is assured in principle and includes:

a. Salary or remuneration in cash.

b. Remuneration in the form of a specified contribution to a retirement plan.

c. Remuneration in kind, e.g. in the form of stock or stock options on a specified number of shares, when established as regular remuneration in and of itself and not based on meeting a target or a particular event.

2.2 Variable remuneration

This refers to remuneration the payment of which is uncertain in principle and depends on achieving targets or particular events, and includes:

a. Cash bonus, participation of Board of Directors members in the company's profits.

b. Stock distribution or stock option schemes.

2.3 Other benefits

These benefits in principle are non-monetary and/or compensatory in nature (covering expenses incurred by directors in performing their duties), such as a health and/or life insurance plan, travel expenses, fuel, costs to attend, use of cars and others, in accordance with market practices.

It is further specified below which directors, for what reasons, based on which criteria receive what remuneration and their relationship amongst them.

3 ARRANGEMENTS RELATED TO REMUNERATION

3.1 Executive members of the Board of Directors, general manager

The following provisions regarding the general manager apply whether he/she is a member of the Board of Directors (CEO) or not. Additionally, these provisions also apply to the deputy general manager-deputy CEO, if there is one.

Provisions for the remuneration of those who fall within the scope of this policy may be incorporated into the employment contract (or independent service agreement or order) at the time of signing or later, after a pertinent decision of the Board of Directors and provided said provisions are consistent with this policy.

Such contracts already in existence, provided they are consistent with this policy, do not have to be approved again.

3.1.1 Fixed remuneration

Executive members of the Board of Directors receive fixed remuneration as part of their employment agreement (or independent service provider agreement, as applicable) with the company or part of a share distribution-stock option scheme. They do not receive separate fixed remuneration in their capacity as members of the Board of Directors.

Fixed remuneration reflects the range of duties and responsibilities they assume, in relation to prevailing rates on the market and to the company's need to recruit and retain high-level executive officers.

Fixed remuneration is re-evaluated annually, taking into consideration the state of the economy, the remuneration levels in the labour market and the company's course, including its key financial figures, e.g. turnover, earnings before tax and its assets overall. After such re-evaluation, fixed remuneration may be adjusted by relative amendment of the employment contract (or independent service provider agreement) and/or the share distribution or stock option scheme. The adjustment (increase) shall not exceed 10% of the fixed remuneration per year or 30% overall over the three-year period, in other words by comparing the fixed remuneration at the start and end of the three-year period for each person.

Of the fixed remuneration, at least 30% is in cash, while the rest may be in any of the forms of fixed remuneration set out under section 2.1 above.

At this time, there is no supplementary pension or early retirement plan for those falling within the scope of the remuneration policy.

3.1.2 Variable remuneration

Variable remuneration is paid based on annual targets, which are set no later than 1 April of the reference year. The targets for the reference year are set no earlier than 1 November of the previous year, except for share distribution or stock option schemes, where the targets may be set in advance for a maximum period of four years.

In the event the remuneration policy is amended after 1 April in a particular year, it is possible to amend the relevant Board of Directors resolution on variable remuneration based on annual targets for that year, in accordance with the approved amendments to the remuneration policy, within 30 days of the approval of amendments to the remuneration policy by the general meeting.

The Board of Directors (without the participation of the director to whom the decision applies), taking into consideration the recommendations of the Remuneration Committee, decides on specific targets for one or more categories for each director, and the type and amount of variable remuneration associated with their achievement, whether the type and/or amount of variable remuneration gradually changed in connection with the degree of target achievement or whether the achievement/non-achievement of a target leads to receiving or not receiving variable remuneration, and any other related matter.

These targets may be:

a. financial, i.e. achieving a certain EBITDA, or sales, or expenditure reduction, or profitability, or cash flow, etc.;

b. linked to the progress of the share price;

c. completion of a project, i.e. a particular transaction/cooperation for the company, a specific upgrade of its production capacity, design and/or placement on the market of a specific new product;

d. other quality-related targets linked to issues such as market share, final consumer satisfaction and/or other company customers, the company's environment footprint, human resources management, the quality of its internal audit systems, etc.

The share distribution or stock option schemes, where they apply to directors falling within the scope of this policy and constitute variable remuneration, may have a duration of up to four years, with provision to exercise rights or receive shares (always provided targets have been achieved) at one or more points in their duration.

It is not required to establish a minimum share-holding period as part of such schemes. Such schemes may involve up to the maximum number of shares and/or options permitted by laws in force and at a price for acquiring shares and/or exercising stock options up to the minimum permitted by laws in force.

All variable remuneration, or any part of it, may comprise shares or stock options.

Verifying whether targets have been achieved or not is done by special resolution of the Board of Directors. If this resolution contains any type of qualitative assessment (e.g. improvement of personnel or consumer satisfaction indicators), as opposed to simply verifying the presence of conditions derived quantitatively in an indisputable manner (e.g. percentage increase of profits), the director whose targets are involved does not partake of variable remuneration.

The maximum annual limit for variable remuneration for the executive chair, executive vice-chair and the general manager or CEO is a percentage of up to 200% of fixed remuneration and for other executive members of the Board of Directors, up to 150% of fixed remuneration.

It is noted that with regard to stock option or share distribution schemes, the value of the benefit will be calculated on the date the rights are granted or when a binding decision is taken about the number and conditions for granting free shares, respectively, and will be calculated based on the closing price of the stock on that day (less the cost of exercising the stock option), or in another acceptable manner in accordance with the prevailing science of economics.

3.1.3 Other benefits

As part of creating a competitive benefits package, the company may offer, by resolution of the Board of Directors (in which the director to receive the benefits does not participate) a mix of other benefits, such a company vehicle and/or mobile phone and/or coverage of phone fees and/or mileage allowance based on actual consumption, group and/or individual health insurance (which includes spouses and children), retirement plan and other benefits.

Additionally, expenses incurred which are necessary to performing their duty are compensated.

3.1.4 Recovery and deferral of variable remuneration

This provision does not affect the company's already assumed legally binding obligations.

Already paid variable remuneration is recovered in the event the director has intentionally committed an offence that harmed the company or intentionally caused damage to the company.

Variable remuneration, the payment of which has already been decided and notified to the recipient, is deferred in the event that:

a. There is cause for recovery or the possibility of there being cause is being examined, or

b. its payment would place the company's sustainability at risk, or

c. due to an unforeseen substantive change in circumstances, its payment would be very onerous for the company.

Variable remuneration is recovered or deferred in any other case where a legal obligation demands it.

The pertinence of the above and the period of deferral, along with any other related matter, is ascertained and decided by the Board of Directors without the participation of director affected.

3.2 Non-executive members of the Board of Directors

Non-executive members of the Board only receive fixed remuneration in cash of up to €15,000 per year, depending on their area of oversight and/or any other special matters assigned to them. This fee includes any participation in the individual committees of the company's Board of Directors, with the exception of the Audit Committee.

If a non-executive member is chair or vice-chair of the Board, he/she may additionally receive up to €10,000 per year.

For participating in the Audit Committee, its chair may also receive an annual fee of up to €20,000 and its members an annual fee of up to €15,000.

The foregoing is decided by the Board of Directors, but without the participation of the member for whom remuneration is being decided, and the recommendations of the Remuneration Committee are also taken into consideration.

Travel, accommodation and other expenses related to Board meetings are reimbursed at cost.

4 COMPANY CONTRACTS WITH PERSONS FALLING WITHIN THE SCOPE OF THE REMUNERATION POLICY

This policy examines those contracts with persons who fall within the scope of this policy and which apply to performing work and services for the company, i.e. employment contracts, independent service agreements or orders, as members of the Board of Directors. Contracts with other objects do not fall within the scope of this policy but are certainly examined from the perspective of potential conflict of interest and in accordance with provisions in articles 99 et seq. of Law 4548/2018 and the company's internal regulation.

The company's contracts for employment, independent services or orders with members of the Board of Directors may be either fixed-term or indefinite, at the discretion of the Board of Directors (without the participation of the contracting director in the decision). Contracts are terminated on the conditions and timelines established by applicable labour law and the applicable provisions of civil law in general. No payments accompany termination of agreements in excess of those mandated by the laws in force.

5 DEROGATION FROM THE REMUNERATION POLICY

It is possible in exceptional circumstances to derogate from the remuneration policy temporarily or in specific circumstances, provided such derogation is either necessary to serving the company's interests as a whole or to safeguarding its sustainability. Examples of such circumstances include cases where a derogation is required to hire or retain an exceptionally able director. The derogation is approved by the Board of Directors by special resolution. The derogation may apply to the percentage of variable remuneration as part of fixed remuneration, which in this case may be up to 400% for the executive chair, executive vice-chair and general manager or CEO and up to 300% for other executive members.