



**LOULIS**  
mills

## **REMUNERATION POLICY**

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## 1. Introduction

The Company «LOULIS MILLS S.A.» (hereinafter called the «Company») establishes the basic principles and rules in relation to the remuneration of the Members of the Board of Directors (BoD) and the Executives of the Company (hereinafter called the «Remuneration Policy») that contribute to the corporate strategy, the long-term interests and sustainability of the Company.

The scope of the Remuneration Policy is to maximize corporate value, through a culture of continuous improvement, development, high performance and commitment to the achievement of goals and the interests of all stakeholders. The Remuneration Policy sets the guiding principles that the Human Resource Management Division should bear in mind during the implementation of the remuneration strategy of the Group. It safeguards the Company's business strategy, long-term interests and sustainability by creating a framework of remuneration that is competitive and structured on the basis of international and European best practices and recommendations and the principles of the Corporate Governance Code of the Company. It distinguishes the remuneration of the Executive Members of the BoD and of the Executives of the Company to fixed and variable and the variable remuneration is given under certain conditions related to Company's long-term development and corporate strategy.

This document describes the Remuneration Policy adopted and approved by the Company in compliance with the prevailing institutional and regulatory framework in Greece including the Law 4548/2018 for Societe Anonyme, the Law 3016/2002 for Corporate Governance and its best practices.

## 2. Remuneration Policy - Implementation Framework

In compliance to Article 110 of Law 4548/2018, this Remuneration Policy is established and applied for the Members of the BoD and the Executives of the Company. More specifically, the implementation framework of the Remuneration Policy includes the following individuals that have the authority and the responsibility to design, manage and control the activities of the Company, directly or indirectly:

- A. Members of the BOD
- B. The Head Managers (hereinafter called as "Executives")

## 3. Remuneration Policy for the Members of the BoD

### 3.1. Non-Executive Members of the BoD

The Non-Executive Members of the BoD receive a basic annual fee, which is proportional to their participation as members of the BoD, the time they spend on the meetings of the BoD as well as for their chairmanship and participation in Committees.

The remuneration of the Non-Executive Members of the BoD is paid in cash and is subject to the prevailing tax and social security deductions.

The Non-Executive Members do not participate in any other plan such as benefits, annual bonus or other equity-based plans of the Company.

This fee structure of non-executive members follows international best practice and ensures



the objectivity of non-executive members in decision-making and, on the other hand, provides an incentive for the active and effective participation of Non-Executive Members at the BoD's meetings and other Committees.

### 3.2. Executive Members of the BoD

The Executive Members of the BoD, who hold executive positions in the Company, are remunerated according to their Position in the Company, and do not receive any additional remuneration for their participation in the BoD, except of the fee, which is a contribution to the profits of the fiscal year, which is discussed below. Their remuneration is covered under the provisions of the Remuneration Policy for the Executives.

Presently, the Company, holds contracts with two Executive Members of the BoD.

The basic principles of the two contracts, in line with Article 111 par.1 ζ of Law 4548/2018, are the following:

BoD Member	Contract duration	Notice period	Retirement	Terms of termination of employment contract	Compensation for employment contract termination
President of the BoD, Executive Member of the BoD	Indefinite period of time	Company: In line with the prevailing labor legislation	In line with the prevailing labor legislation	Company: Termination of the employment contract In line with the prevailing labor legislation	The Company is obliged to compensate the Executive In line with the prevailing labor legislation
Vice-President of the BoD & CEO, Executive Member of the BoD	Indefinite period of time	Company: In line with the prevailing labor legislation	In line with the prevailing labor legislation	Company: Termination of the employment contract In line with the prevailing labor legislation	The Company is obliged to compensate the Executive In line with the prevailing labor legislation

The Executive Members of the BoD may receive a fee, which is a contribution to the profits of the fiscal year, upon recommendation of the Remuneration Committee to the BoD, on the basis that such remuneration, after taking into account the net profits of the year after tax for the Company, will not affect the liquidity and capital adequacy of the Company and will be proportional to the severity of the position of each Executive Member and the extent of the responsibility and duties of the Members of the BoD. The purpose of the Executive



Members' participation in the profits of the year is to link their personal performance to the company's business performance as well as to reward them for the business risks they receive.

The aforementioned recommendation of the Remuneration Committee is submitted for approval to the BoD and then to the General Meeting.

### **3.3. Definition of 'significant remuneration or benefit' criteria in accordance with article 9 paragraph 2(a) of Law 4706/2020.**

A significant remuneration or benefit is defined as a certain amount that can affect the independent judgment of a particular board member, which receives it, because of its size and/or nature, in relation with the financial situation of this particular board member. The remuneration or benefit received for participation in the Board of Directors or its committees is not included in the above-mentioned amount. In addition, it is presumed to constitute a significant remuneration or benefit the participation in an options system for the purchase of shares or in any other system of remuneration or benefits related to the performance of the Company.

## **4. Remuneration Policy for Executives**

### **4.1. Basic Principles**

The Company adopts a compensation and benefits framework in order to attract, motivate and retain competent, specialized and effective Executives. The Remuneration Policy is based on principles like:

- Maximization of performance
- Balance and equal treatment
- Transparency
- Fairness
- Alignment of reward with profitability, risk, capital sufficiency and sustainable growth
- Competitiveness in relation to Companies of similar standing and scope

For the determination and the effective implementation of the Remuneration Policy the following components are considered:

- Job Family
- Job Evaluation (on axes such as: Technical expertise, Level of responsibility, Reliability, Problem solving)
- Existing organizational structure and hierarchical levels
- Official and essential qualifications of the Executives
- Remuneration levels in the wider labor market (as derived from relevant Compensation & Benefits surveys)
- Compensation and working conditions of the other staff members of the Company
- Results of the annual performance evaluation (Quantitative and Qualitative Criteria)

### **4.2. Objectives**

The Remuneration Policy aims to:

- Comply with the applicable institutional, regulatory and supervisory framework



- Ensure a sense of fair reward, commitment and reward for sustainable growth
- Attract, motivate and retain Executives
- Identify the interests and needs of Executives with those of the Shareholders
- Ensure competitiveness of remuneration and provide appropriate incentives that create value for the Shareholders, while at the same time set the basis for creating value for the Company and the Group for the benefit of all stakeholders (Shareholders, Management, Employees, Customers, Society)

## 5. Remuneration components

The Remuneration Policy covers all remuneration paid to Executives, namely: fixed remuneration, variable remuneration, fringe benefits.

### 5.1. Total rewards structure

Total rewards include fixed and variable components to ensure that remuneration is linked to short-and long-term operational effectiveness. These components are:

- Fixed remuneration: Remuneration not related to the performance of the Executives
- Variable remuneration: Additional extra remuneration in the form of an annual bonus.

The objective of variable remuneration is to reward the performance of the Executives and the Company. Variable remuneration is designed to motivate Executives as well as increase productivity and competitiveness and is linked both to short-term individual and team goals and long-term strategic.

- Fringe benefits are paid to Executives and their families based on the general company remuneration policy and do not provide incentives for risk taking. These benefits are considered to be voluntary and do not form part of variable remuneration of the Remuneration Policy.

#### 5.1.1. Fixed remuneration

The fixed remuneration of Executives, except the Executive Members of the BoD, represents the significantly higher proportion of their total rewards so that a fully flexible variable remuneration policy can be implemented, including the possibility of non-payment. Given this, it is evident that non-payment of variable remuneration does not create a problem for Executives to maintain their standard of living.

In order to attract and retain Executives who have the characteristics (skills, experience, attitudes) needed by the Company, fixed remuneration should be competitive. This competitiveness is ensured by monitoring annual compensation & benefits surveys of the food sector and the Greek labor market.

The fixed remuneration of Executives is determined based on the following elements:

- Academic background
- Prior experience
- Range of responsibility of the position
- Potential for further development
- The weight of the position on the labor market. The remuneration applicable to Executives who do similar work



- The responsibilities and functional requirements of the position
- Internal equity
- The need to retain people with skills and professional abilities
- Broader economic environment in Greece
- Annual company budget
- Labor legislation
- Specific terms of individual employment contracts

The scope is to ensure that the level and structure of remuneration serve the basic principles of the Remuneration Policy (such as maximizing performance, equity and competitiveness) while promoting the long-term viability of the Company. This remuneration is a function of both performance and potential of the Executives, as well as a function of the remuneration of similar positions, roles and specializations of the local food market and other similar companies, as reflected in relevant Compensation & Benefits Surveys. The aim is to attract high caliber Executives, which will remain and evolve in the Company, ensuring succession and covering key and important positions.

Higher remuneration may be configured for Executives with specialized roles of major importance for the operation and development of the Company, or for Executives that demonstrate instances of outstanding experience and highly evaluated performance.

#### 5.1.2. Variable remuneration

Provided that specific corporate profitability goals are achieved, the BoD may, upon the recommendation of the Remuneration Committee, propose the payment of variable remuneration as an incentive for higher performance. The stated objectives can be defined and reviewed annually in relation to the annual Company budget and business plan.

The above reward is based on the assessment of Executives' performance, of the rate at which they achieve their individual objectives in combination with team performance at unit, Function and / or Company level, and based on the general principles set by the regulatory framework, the current legislative framework as well as the basic Corporate Governance principles. The above incentives are paid through payroll (as cash payments).

#### 5.1.3. Fixed and variable remuneration ratio

The ratio of fixed and variable remuneration is in line with risk management. The Company manages and controls responsibly and effectively the risk arising from the implementation of the Remuneration Policy, so that any potential risk is identified and addressed directly and substantially.

- Annual variable remuneration may not exceed 30% of the fixed remuneration of each Executive of the same year.

#### 5.1.4. Fringe Benefits

The Company provides to the Executives the following fringe benefits:

- Group Medical plan
- Group Life and Accident Insurance for Executives
- Company cars (for Executives)



- Mobile phone program

These benefits are given also to other staff members of the Company.

#### 5.1.5. Severance Pay

In the case of non-voluntary termination of the employment contract of indefinite period of time, the Company applies the prevailing labor legislation provisions for the payment of the relevant severance pay.

### 6. Effective date

The Remuneration Policy comes into effect after the approval of the General Meeting and will remain in effect for the financial years 2021-2023, unless the General Meeting decides to amend it during this period.

### 7. Design -Review -Supervision of the Remuneration Policy Implementation

The Remuneration Committee (hereinafter the "Remuneration Committee ") proposes and presents to the BoD the content of the Remuneration Policy and its revisions to be submitted for approval to the General Meeting.

The Remuneration Committee, as an independent body composed of non-executive, independent members of the Board of Directors, as well as by a non-Board member, ensures objectivity and prevents conflicts of interest occurring in the examination and presentation of the remuneration of members of BoD and Executives.

The Remuneration Committee provides the guidelines for the design, structure and internal implementation of the Remuneration Policy and oversees periodically its implementation. When setting up the guidelines, the Remuneration Committee takes into account the Company's strategy and business objectives, the economic and food market conditions and the needs highlighted by the executive management and the Human Resources Division respectively, as well as all the parameters that are dictated by best practices and European and international recommendations.

The Remuneration Committee reviews annually the Remuneration Policy, with regards to its compliance with the policies and procedures adopted by the BoD. The Remuneration Committee ensures that, when assessing the mechanisms adopted for the risk alignment of the Remuneration Policy, all types of risks, liquidity and capital adequacy of the Company are taken into account and it proposes corrective actions if it finds implementation weaknesses and/or deviations of the Remuneration Policy. In any case, the Remuneration Committee regularly reviews the remuneration and other working conditions of Company employees and correlates their remuneration with the remuneration of the members of the Board of Directors and the Executives (for example, it may recommend to pay additional remuneration to employees based on their performance, as applicable to the members of the Board of Directors and Executives).

The Remuneration Committee proposes also the total variable remuneration amount for the BoD, which in turn decides on the exact amount allocation.

The variable remuneration of the Chairman of the BoD and the CEO is proposed to the Remuneration Committee by its Chairman and submitted for approval to the BoD and then



to the General Meeting.

The variable remuneration of the rest executive members of the BoD is proposed to the Remuneration Committee by the CEO and submitted for approval to the BoD and then submitted, if required, for approval to the General Meeting.

The variable remuneration is paid to the other Executives under the responsibility of the CEO within the limits of the Remuneration Policy.

The Remuneration Committee is also responsible for monitoring the implementation and periodic review of the Remuneration Policy in a manner that respects the transparency and corporate governance principles and informs the BoD accordingly.

The implementation of the Remuneration Policy is subject to a central and independent internal control at least once a year with respect to its compliance with the applicable remuneration policies and procedures. The Internal Auditor of the Company, who enjoys full independence in the performance of his / her duties, is responsible for this audit and evaluation.

The Remuneration Policy is submitted for approval to the General Meeting every time there is a material change in the conditions, under which the Remuneration Policy was approved, and in any case every four (4) years after its Last approval. Any other remuneration or benefit to the members of the BoD shall be borne by the Company only if approved by a special decision of the General Meeting.

In exceptional circumstances, the BoD may decide a temporary deviation from the approved Remuneration Policy, provided that the deviation is necessary for the Company's long-term interests and/or viability. The deviation may apply either to the Executives' fixed or variable remuneration.

In the event of derogation, the Executives' remuneration shall be borne by the Company only after special approval of the General Meeting.

In exceptional circumstances, the payment of variable remuneration may be deferred (for example, in the event of an unforeseeable event that has a special effect on the Company's profitability) with a duration commensurate with the severity of the circumstances.

The payment of variable remuneration may also be revoked by a decision of the Board of Directors if the beneficiary, who received it, proves to have breached the Code of Business Principles of the Company or has been convicted by a Criminal Court or where the payment of the variable remuneration was based on profitability data of the Company, which proved to be inaccurate afterwards.

If there is a remuneration policy and the General Meeting does not approve the proposed new remuneration policy, the Company may continue to pay the remuneration of the members of the Board of Directors only in accordance with the previous approved remuneration policy and submit a revised remuneration policy for approval by the next General Assembly.

The approved remuneration policy together with the date and results of voting is subject to publicity and remains available on the Company's website free of charge, for as long as this is in force.