

REMUNERATION POLICY

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1. INTRODUCTION

1.1. Purpose

The joint-stock company with the name "ATHENS WATER SUPPLY AND SEWERAGE COMPANY" and the distinctive title "EYDAP S.A." or "EYDAP" (hereinafter, the "Company"), the shares of which are traded on the Main Market of the Athens Stock Exchange, in the context of its compliance with the provisions of the current legislation on joint-stock companies (Law 4548/2018), the legislation on corporate governance of listed companies (L. 4706/2020) and the provisions of the Greek Corporate Governance Code that it has adopted and applies has drawn up this Remuneration Policy (hereinafter "Policy"), in order to establish and implement the basic principles and rules regarding the remuneration of Members (Executive and non-Executive) of the Board of Directors (BoD), in a transparent, clear and understandable manner.

The purpose of this Policy includes the following:

- Ensuring the Company's compliance with the current institutional and supervisory framework
- The promotion of the interests, the creation of long-term value and the sustainable development of the Company as well as the service of its strategic goals.
- Ensuring a sense of fair compensation, commitment and reward.
- Ensuring the correspondence of the amount of remuneration with the qualifications and the contribution of the above persons to the Company
- Ensuring the competitiveness of salaries, ensuring the creation of value for the Company, employees and shareholders.
- The monitoring of the good market practices regarding the remuneration of the Members of the Board of Directors and the harmonization of the Company with them, taking into account the fact that it is listed and that it operates based on the rules of the private economy, as a public interest entity, the majority of its share capital which the Greek State owns by virtue of article 64 of Law 5045/2023.
- Ensuring that the remuneration governed by the Policy will be determined taking into account the salary and working conditions of Company's employees.

- The alignment of remuneration with profitability, capital adequacy and the Company's liquidity.
- The attraction, retention and motivation of competent executives who add value to the Company with their skills, knowledge and experience and possess the appropriate qualifications to carry out their strategic and control duties, as well as the appropriate expertise and professional experience for the development and implementation of the Company's strategic and business plan.
- The assurance that the remuneration and benefits determined by the Policy take into account the size of the Company, the complexity of its action, the extent of the responsibilities of the persons who fall within its scope, their degree of responsibility, the corporate strategy, the purposes of the Company and their realization.

During the preparation of this Policy, all of the above was taken into account and the principle of paying fees was observed based on the reasonable and fair measure to the persons selected as the most suitable and with the best performance, taking into account the needs and the nature of each position or functional role as well as the well-being of the Company, the long-term enhancement of its value and its sustainable development.

The Policy is available on the Company's website www.eydap.gr

1.2. Current institutional and supervisory framework

- Law 5106/2024 "Regulations to address the multi-level impacts of climate change in the areas of: a) water management, b) forest management and protection, c) urban resilience and policy, d) combating arbitrary construction, e) of energy security and other urgent provisions."
- Law 5045/2023 "Strengthening the income of employees, young people, family and work - Pension arrangements and other urgent provisions".
- Law 5037/2023 "Renaming the Energy Regulatory Authority to the Waste, Energy and Water Regulatory Authority and expanding its scope with responsibilities over water services and urban waste management, strengthening the water policy Modernizing the legislation on the use and production of electricity from renewable sources through the integration of EU Directives 2018/2001 and 2019/944 Special provisions on renewable energy sources and environmental protection".
- Law 4812/2021 "Ratification of the 24.3.2021 amendment of the 3.2.2020 partial Donation Agreement for Project I [Appendix 5 of Law 4564/2018] and the 13.5.2021

amendment of the 6.9.2018 donation agreement between "Stavros S. Niarchos Charitable Foundation" and the Greek State for the strengthening and upgrading of the infrastructure in the health sector and its Appendixes, arrangements for dealing with the COVID-19 coronavirus pandemic and other provisions".

- Law 4706/2020 "Corporate governance of joint-stock companies, modern capital market, incorporation into Greek legislation of Directive (EU) 2017/828 of the European Parliament and of the Council, measures to implement Regulation (EU) 2017/1131 and other provisions".
- Law 4548/2018 "Reform of the law of joint-stock companies".
- Law 4387/2016 "Unified Social Security System - Reform of the insurance - pension system - Income and gambling taxation arrangements and other provisions".
- Law 4354/2015 "Management of non-performing loans, salary arrangements and other urgent provisions for the implementation of the agreement on fiscal targets and structural reforms".
- Law 3429/2005 "Public Enterprises and Organizations (D.E.K.O.)".
- Law 2744/1999 "Regulations of issues of the Capital Water and Sewerage Company 5 (E.YD.A.P.) and other provisions".
- Law 1068/1980 "On the establishment of a unified primary water and sewerage agency".

At the same time, the provisions of the Articles of Association, the Operating Regulations of the Company, the Greek Code of Corporate Governance, as well as the terms of the relevant Collective Labor Agreements are taken into account and apply.

2. SCOPE

The Policy applies at parent Company level.

The Policy is established and implemented for:

- Members of the Board of Directors (BoD) (Executive and non-Executive including the Chair of the Board)

According to article 110 par. 1 item a' of Law 4548/2018, the Remuneration Policy may be applied following a decision of the Board of Directors following a recommendation by the Remuneration and Nominations Committee and for general managers, provided that this is permitted based on the current institutional and supervisory framework governing the operation of the Company.

3. COMPONENTS OF REMUNERATION AND BENEFITS

The allowances that may be granted to the persons who fall within the scope of this Policy are divided into the following categories:

Fixed salaries: These aim to reward persons subject to the Remuneration Policy according to:

- i. the job position (responsibilities and duties) and the relative weight it has for the Company
- ii. the experience and expertise required to perform the duties of the position
- iii. the salaries given for similar positions by similar companies, as they result from Remuneration Surveys of the Greek market.

Variable remuneration (Bonus): These remunerations depend on the performance evaluation data of the persons subject to the Remuneration Policy, but also on the results of the Company. Variable remuneration aims to reward their effort and to enhance the efficiency of executives.

Benefits: (e.g. group insurance policies, Company car, cell phone, free product distribution, travel expenses, etc.). The benefits enhance the Company's competitiveness in terms of attracting and retaining executives.

4. REMUNERATION AND BENEFITS OF BOARD MEMBERS

4.1. Remuneration and Benefits of Non-Executive Board Members

The Non-Executive Members of the Board of Directors receive the following:

- ❖ Chair of the Board: the Chair of the Board of Directors receives:
 - a fixed annual salary (monthly payment)
 - an additional annual fee (flat-rate) for his/her performances on the Board
 - a monthly allowance for representation and travel expenses
- ❖ Other Non-Executive Members of the Board of Directors: the Non-Executive Members of the Board of Directors receive:
 - an annual fee (flat-rate) for their appearance on the Board
 - a monthly allowance for representation and travel expenses

The Non-Executive Members of the Board, including the Chair of the Board shall be granted additional remuneration for their participation or Chairmanship in the following Committees:

- Audit Committee
- Remuneration and Nominations Committee
- Strategy, Innovation and Sustainable Development Committee
- Risk Management Committee
- Regulatory Compliance Committee

This remuneration shall include:

- fee per meeting. The fees of the Members of the Committees shall be lower than the fees of the Chair and depend on the degree of expertise, time of service and the responsibility of the Members. For the role of Chair of the Board Committees, a higher fee per meeting is provided to cover the time required to coordinate and organize the work of the Committee, as well as the preparation of the meetings. A maximum remuneration limit is set for the Members and the Chair of the Committees, based on the number of meetings.

- a monthly allowance for representation and travel expenses relating to meetings of the various Committees.

In addition, Non-Executive Members may be invited to participate in other Committees of the Company other than the Board of Directors provided for by the Personnel Regulations (e.g. Disciplinary and the Service Board), with the possibility of providing additional fixed fees, the amount of which will be determined by decisions of the Board of Directors.

Violation of the attendance requirements of the Non-Executive Members at the meetings of the Board of Directors or its Committees, initially result in the establishment by the Chairman of the Board of Directors and the respective Committees and depending on the nature of the problem faced by the member may be decided and the possible its replacement.

Apart from the above salaries and the benefits mentioned in chapter 4.2.4, no other remuneration and/or benefits are paid to the Non-Executive Members of the Board of Directors. In particular, Non-Executive Members are not entitled to variable remuneration, supplementary pension, nor participation in early retirement programs, nor payments linked to the end of their term of office on the Board of Directors and its Committees, with the exception of the liability insurance coverage of management executives, which also concerns to the Non-Executive Members of the Board of Directors.

All the remuneration and any compensation of the Non-Executive Members of the Board of Directors are reported in a separate category in the appendix of the annual financial statements.

The remuneration of the Non-Executive members is paid on a monthly basis and is subject to the prescribed deductions in accordance with the approved Policy as well as the applicable tax and insurance legislation. Remuneration is subject to annual review to ensure that it remains at a satisfactory level in order to attract high caliber individuals with appropriate qualifications and experience who will provide and devote the required contribution, commitment and time to the Board. For this purpose, annual surveys of remuneration and benefits of the market, as well as individual surveys, are taken into account.

4.1.1. Importance of remuneration for independent Non-Executive Board Members

In accordance with the provisions of paragraph 2, item a, of article 9 of Law 4706/2020 on corporate governance, in order to designate a Non-Executive Member of the Board of Directors as an independent should, both during his/her appointment and during his/her term of office, not hold directly or indirectly a percentage of voting rights greater than zero point five percent (0.5%) of the Company's share capital and at the same time, be free from financial, business, family or other dependent relationships, including not receiving any significant remuneration or benefit from the Company or from a company affiliated with it.

To this end, the Company has put in place a framework to ensure that the remuneration and benefits received by independent Non-Executive Members are consistent with their independence. Therefore, the criteria that the Company takes into account in order to evaluate the importance of the remuneration or benefit received by each independent Non-Executive Member of the Board of Directors are summarized below:

- The size, the internal structure, the organization, the complexity of the Company's business activities, specific characteristics and sectors in which it operates.
- The member's skills, abilities, diversity, knowledge and experience.
- The important international experience in business as well as in the wider social field that the Board member possesses
- Ensuring and effectively exploiting the diversity of each Board member
- The requirements of the role of the Board member.
- The place of residence of the Board member.
- The financial situation of the Board member and any other remuneration received from related companies
- The remuneration levels of independent Non-Executive Members in similar companies in the Greek market (monitoring of annual reports)

In the event of the assignment of a project for remuneration or a service mandate or similar contract between the Company and an independent Non-Executive Member, the Board of Directors shall decide the terms of such contracts by applying the formalities of articles 99 to 101 of Law 4548/2018. In the above cases, the independent Non-Executive Member of the Board of Directors, prior to the conclusion of the contract, addresses a question to the Remuneration and Nomination Committee in order to assess whether, based on the above criteria, the proposed transaction is compatible with his/her independence. In any case, the Board of Directors shall determine whether, as a result of the above, a dependency relationship is created which may affect the decisions and the independent and objective judgment of the member, in accordance with the provisions of Article 9 of Law 4607/2020. In any case, this remuneration may not exceed the monthly compensation for attending the meetings of the Board of Directors.

4.2. Remuneration and Benefits of Executive Board Members

When determining the remuneration of its Executive Members, the Board takes into account:

- the responsibilities and functional requirements of their position
- the degree of complexity of the activities, the criticality and scope responsibility of their position
- the required academic background, the required professional experience,
- their performance in relation to predefined quantitative and qualitative objectives,
- the level of remuneration of employees in the Company
- the financial situation, performance and prospects of the Company,
- the degree of difficulty in finding persons with the appropriate skills required for the position in question, and
- the remuneration in listed companies of a similar size to EYDAP

The Company's goal is to keep the total remuneration close to the level of the average of the market of a comparable sample, as reflected by remuneration surveys of companies of a similar size.

The Remuneration and Nominations Committee may, however, recommend to the Board of Directors whether it will finally adopt the average or justify why it considers that the specific executives in question should receive something different from the average (above or below and as a rule within the limits of the salary range they have approved) taking into account the fact that it is listed and that it operates based on the rules of the private economy, as a public interest entity, the majority of the share capital of which is held by the Greek State pursuant to article 64 of Law 5045/2023.

4.2.1. Fixed remuneration

The Executive Members of the Board receive:

- fixed remuneration paid monthly.
- additional annual fee for their participation as Members of the Board of Directors (flat rate) and/or in Board Committees (per meeting).

The fixed remuneration of Executive Members is paid on a monthly basis and is subject to the prescribed deductions in accordance with the approved Policy as well as the applicable tax and insurance legislation. In addition, the fixed remuneration of Executive Members is determined by means of contracts signed by these executives with the Company, which specify the responsibilities and duties of these executives as well as the amount of their remuneration. The components of the fixed remuneration of the Executive Members include their fees for their participation in the BoD or for their participation in Board Committees.

4.2.2. Variable remuneration

Since the immediate requirement for the Company is to improve its performance and results, the Company grants additional incentives for the positions of the Executive

Members of the Board of Directors in the form of variable remuneration linked to short-term and/or medium-term corporate goals.

The Remuneration and Nominations Committee recommends annually to the BoD for a final decision the establishment and revision (when required) of Performance Measurement Indicators (KPIs), the objectives that should be achieved and the percentage of the amount of variable remuneration in the event of their achievement (the amount of the granted variable remuneration should not exceed 20% of the fixed remuneration of the Executive Members – see Appendix I).

The objectives must be aligned with the Company's investment and strategic plan. In addition to the annual goals, it is possible to establish additional long-term goals, the evaluation of which will be done over time, for example 3 years.

Variable remuneration is paid once a year after the publication of the Annual Financial Results subject to the achievement of the targets set for the Key Performance Indicators (KPIs). In principle, a time limit of 3 months after the approval by the Board of Directors of the Company's budget is set for the target location. In case, after the publication of the financial results of the previous year, there is a significant change in the above amounts, the targets can be adjusted within 2 months after the date of publication of the Financial Statements of the previous year.

In addition, by decision of the Board of Directors, additional extraordinary variable remuneration may be paid to the Executive Members of the Board linked to the achievement / completion of a strategic goal, the amount of which will not exceed the gross basic remuneration of two monthly salaries. The target linked to the additional extraordinary variable remuneration is a recommendation of the Remuneration and Nomination Committee and is approved by the Board of Directors. The additional extraordinary variable remuneration and the time of its payment are proposed by the Remuneration and Nominations Committee, approved by the Board of Directors and constitute an update in the Annual Remuneration Report to the General Meeting of Shareholders.

By decision of the Board of Directors, without the participation of the affected Executive Member, the payment of the planned variable remuneration may be postponed, in whole or in part, in cases where:

- (a) their payment would endanger the viability of the Company, or
- (b) their payment becomes excessively burdensome for the Company due to an unforeseen and material change in circumstances, or
- (c) there is a legal obligation to do so."

4.2.3. Malus & clawback provisions

In case of violation of regulations or procedures, non-compliance with suitability and reliability standards or other equally serious cause, for behavior that led to significant losses, the Company is entitled to demand the return of all or part of the bonus awarded, due to breach of contractual terms or inaccurate financial statements of previous years or generally based on incorrect financial data, which were used to calculate this bonus as well as to use all legal means of claim.

4.2.4. Benefits - Expenses

The other benefits only concern the Chair and the Executive Members of the Board of Directors (with the exception of the liability insurance coverage of Management Executives which also concerns the Non-Executive Members of the BoD) and are not included in the definition of variable remuneration of the Remuneration Policy. The benefits granted to the Chair and the Executive Members of the Board of Directors, taking into account market practices and the benefits granted to the Company's staff, concern:

- Provision of a company vehicle and associated coverages.
- Provision of laptop computer, telecommunications equipment and mobile phone plan.
- Coverage of the cost of participation in an individual insurance scheme out-patient and in-patient health care in a private insurance company, as so applies to the Company's staff.

- Liability insurance coverage for company executives.
- Expenses for representation, travel, accommodation and meal expenses, in connection with the fulfillment of the duties of the Members of the Board of Directors and with the submission of the corresponding documents ⁽¹¹⁾. The above expenses may be settled using a company credit card.

The Executive Members of the Board of Directors are entitled to the benefits of the Company's regular staff and provided for in the Collective Labor Agreements and the Decisions of the Company's Board of Directors.

The provision of the above benefits is governed by the Company's applicable procedures and policies in force at any given time.

The type and corresponding amount of each benefit are proposed, upon recommendation of the Executive Division of Human Resources, by the Remuneration and Nominations Committee, and approved by the Board of Directors.

The Remuneration and Nominations Committee has the possibility, during the annual review of fixed and variable remuneration, to redefine the granting of any benefits and to recommend other forms of benefits - apart from those mentioned above - for the Executive Members and the Chairman of the Board of Directors (in light of the articles 109 - 112 of Law 4548/2018) in order to support the operation of the Company and to ensure competitiveness with organizations of similar size in the Greek market.

4.2.5. **Contracts**

The Executive Members of the Board of Directors are connected to the Company with a salaried mandate. The contracts are of indefinite duration and include, among others, the following elements: remuneration, duration, terms of termination of the contract, performance of duties assigned by the Board of Directors, avoidance of conflict of interest

¹ These do not constitute benefits in essence, but rather a method of covering a company expense; however, they are included for the sake of completeness

situations, confidentiality, payments linked to the termination of the contracts, notice period, conditions of postponement and recovery of variable remuneration.

The termination of the Executive Members' contracts by the Company may take place at any time:

- (a) either upon three (3) months' notice
- (b) or with immediate effect. In this case, the Executive Members will continue to receive the agreed monthly remuneration for a period of three (3) months

The above does not apply in the event of termination of the contracts for good cause, in which case the termination shall have immediate effect, without the right to receive the remuneration of case b above.

If an Executive Member wishes to terminate his contract, he must inform the Board of Directors four (4) months in advance.

5. MEASURES TO AVOID AND MANAGE CONFLICT OF INTEREST

Members of the Board of Directors should avoid situations in which their interests may conflict with the interests of the Company and with their duties towards it. They must report the cases of conflict of interest and refrain from voting on the decisions in which they have a conflict of interest.

6. REMUNERATION FRAMEWORK GOVERNANCE

6.1. Remuneration Policy Governance

The Remuneration and Nomination Committee provides guidelines, ensures development and reviews/pre-approves the draft of Remuneration Policy, with possible support from a specialist consultant.

The Policy is drawn up / reviewed by the General Directorate of Human Resources and in particular the Directorate of Remuneration and Labor Relations, with the appropriate advisory support of the Directorate of Legal Services, the Directorate of Regulatory Compliance and the Directorate of Internal Audit (as reflected in the Table of the Appendix).

The Remuneration and Nominations Committee recommends the draft Policy to the Board. The Board of Directors approves the Policy, in order to submit it for final approval (validation) to the General Assembly.

During the General Assembly meeting, the shareholders' vote on the Policy is binding. The Members of the Board of Directors who have the status of shareholder at the same time do not participate in the relevant voting, which are not counted for the formation of the quorum and the majority.

The Internal Audit Department is responsible for checking the legality of remuneration and all kinds of benefits at least annually. The findings are reflected in a report which is communicated to the Remuneration and Nominations Committee.

After a relevant assignment by the Board of Directors, the Remuneration and Nominations Committee is responsible for: a) monitoring the compliance of the Policy with the applicable institutional and supervisory framework, with appropriate support from the relevant Departments of the Company (e.g. Remuneration and of Labor Relations, Legal Services, Internal Audit, Regulatory Compliance b) for the supervision of the correct implementation of the Policy, through the relevant findings and reports of the Internal Audit Department, of which it is the recipient.

The need to update the Remuneration Policy is assessed annually by the Remuneration and Nominations Committee, based on proposals submitted by the Company's relevant Departments (e.g. Remuneration and Labor Relations, Legal Services, Regulatory Compliance and Internal Audit).

If its amendment is required, the relevant proposals of the Remuneration and Nominations Committee are evaluated by the Board of Directors.

6.2. Remuneration governance

Remuneration (fixed, variable and benefits) of the Members of the Board of Directors that fall within the scope of this policy are approved by the Board of Directors after a relevant recommendation of the Remuneration and Nominations Committee. The approval of the salaries of the Executive Members takes place without the presence of these Members at the relevant meeting of the Board of Directors. The Board of Directors, following the above procedure, formulates and submits for the Members of the Board of Directors a relevant proposal addressed to the General Assembly of the Company's Shareholders, for their ratification.

6.3. Governance of the annual Report of Remuneration of Board Members

The Company is obliged to draw up a clear and comprehensible Report, which contains a comprehensive overview of all remuneration regulated in the Policy for the last financial year.

The annual Remuneration Report is prepared by the General Directorate of Human Resources, with the possible support of a specialized consultant.

The annual Board Members' Remuneration Report includes all types of benefits granted or owed to the persons whose remuneration has been included in the Policy during the last financial year, regardless of whether they are newly elected or former Members of the Board.

In particular, the annual Board Members' Remuneration Report contains, at a minimum, the following information regarding the remuneration of each individual member of the Board:

- (a) the total remuneration granted or paid to the Members of the Board of Directors, with a breakdown into their individual components, the relative percentages of fixed and variable remuneration and an explanation of how the performance criteria are applied and how the total remuneration complies with the approved Policy,

- (b) the annual change in the remuneration of the Members of the Board of Directors, the annual change in the performance of the Company and the annual change in the average remuneration of the full-time employees of the Company (not including the Members of the Board), during the last 5 financial years at least, with common presentation of the data in question, in order to facilitate the comparison of the data by the shareholders,
- (c) any remuneration of any kind from subsidiaries of the Group,
- (d) the number of shares and share options granted or offered to Directors and the main conditions of exercise of the options, including the price and date of exercise, and any change
- (e) any option rights exercised by the Board of Directors under the company's share allotment plans
- (f) information on the use of the variable pay recovery facility
- (g) information on any deviations from the application of the Remuneration Policy as referred to in Chapter 9 hereof.

The annual Board members' Remuneration Report is reviewed by the Remuneration and Nominations Committee and the Non-Executive Members of the Board regarding the integration of the required information in accordance with the institutional and supervisory framework.

The annual Report on the remuneration of the Members of the Board of Directors of the last financial year is submitted for discussion at the regular General Assembly, as an item of the agenda. The shareholder vote on the Remuneration Report is advisory.

The BoD must explain in the next Board Members' Remuneration Report, the manner in which the above result of the vote during the regular General Assembly was taken into account.

The Company's Statutory Auditors check whether and to what extent the information has been provided regarding the publication of the annual Report on the Remuneration of Board Members, as well as the posting of the relevant information on the Company's website.

6.4. Public Disclosure Obligations

6.4.1. Public Disclosure obligations of the Remuneration Policy

This Policy, together with the date and results of the vote, has been submitted to the legally prescribed publicity formalities and remains available on the Company's website www.eydap.gr

6.4.2. Public Disclosure obligations of the Annual Remuneration Report

After the General Assembly, the Company makes available to the public the annual Report on the Remuneration of Board Members on its website, free of charge, for a period of ten (10) years.

Retention beyond the above period is permitted on the condition that it is ensured that it no longer contains personal data for the Board Members.

The annual Remuneration Report of Board Members must be included in the Company's corporate governance statement.

7. REMUNERATION POLICY RESTRICTIONS

This Policy takes into account the applicable legal restrictions, as well as the relevant circulars issued by the Ministry of Finance or other competent supervisory authorities and business entities, regarding any maximum limits on the remuneration of the Chair, Executive Members of the Board of Directors that fall within the scope of this Policy.

8. VALIDITY OF THE REMUNERATION POLICY

The Policy is approved by a resolution of the General Meeting of its shareholders and is valid for four [4] years from that date, unless revised and/or amended earlier by virtue of another resolution of the General Meeting. Whenever there is a material change in the circumstances under which the approved Policy was established, it shall be resubmitted for approval to the General Meeting of Shareholders and in any case every 4 years from the date of its approval.

9. DEVIATION FROM THE REMUNERATION POLICY

In exceptional circumstances, a temporary derogation from the Remuneration Policy is permitted by Board decision, following a reasoned proposal from the Remuneration and Nomination Committee.

Exceptional circumstances are those circumstances, the existence of which makes it necessary to exclude the application of the Remuneration Policy in order to safeguard the long-term interests and viability of the Company as a whole. These exceptional circumstances include, but are not limited to, the following:

- significant changes in social and economic conditions or, in any case, the occurrence of extraordinary and unforeseen events (e.g. pandemics, significant change in the macroeconomic scenario in relation to the assumptions of the business plan or other events outside the Company's control, etc.) affecting the Company and/or the sectors in which it operates,
- material changes in the scope of the business during the period of validity of the Remuneration Policy.

A Board decision shall also determine the duration of the exemption and the specific elements of this Policy from which the exemption is to be derogated. Those Board members who have their own interests due to which a conflict with the interests of the Company may arise shall abstain from the relevant meeting.

Appendix I

The Appendix specifies the method of payment of variable remuneration to the Executive Members of the Board of Directors.

The aim of the system of payment of variable remuneration to the Executive Members is to align the Executive Members with the company's strategic priorities, to enhance the achievement of the expected result and to reward this by the Company.

Performance Measurement Indicators (KPIs)

As mentioned in Paragraph 4.2.2, the variable remuneration of the Executive Members of the Board of Directors depends on the achievement of objectives which are measured with the help of Performance Measurement Indicators.

For the definition of the Performance Measurement Indicators, the Company's strategic axes are taken into account: i) Safety, ii) Efficiency and iii) Development, as well as its long-term interests and sustainable development.

The determination of the Performance Measurement Indicators, the method of their calculation, the desired quantitative goal as well as the result of their achievement, are proposed, measured and calculated by the Remuneration and Nominations Committee and approved by the Board of Directors, upon a recommendation from the Executive Division of Human Resources and of its cooperation with the Strategy and Innovation Division and the Financial Services Division.

For the level of the target setting of the Performance Measurement Indicators as well as for the result of their achievement, the financial figures as reflected in the Company's budget approved by the Board of Directors and in the Company's annual financial report and other reports of the Finance Department to the Board of Directors are used. In principle, for the target setting, a time limit of 3 months is set after the approval by the Board of Directors of the Company's budget. In case, after the publication of the financial results of the previous year, there is a significant change in the above figures, the targets can be adjusted within 2 months after the date of publication of the financial results of the previous year.

Maximum amounts of variable remuneration

The maximum variable remuneration (bonus) per Executive Member of the Board of Directors is set at 20% of the fixed remuneration of the Executive Members. Each of the above objectives is given equal weight in the calculation of the total variable remuneration to be allocated. If any of the aforementioned targets are achieved for two (2) consecutive financial years, then the amount of variable remuneration to be allocated for the specific target(s) is increased by 2/3 and paid retroactively.

Time of payment of variable remuneration

The variable remuneration is paid to the Executive Members of the Board of Directors in the following year from the reference year and within three (3) months after the approval of the financial results of the company for the reference year. Regarding the achievement/completion of a strategic goal, the provisions set out in the last paragraph of article 4.2.2 apply.

Calculation of the amount to be allocated

The total percentage of achievement of the objectives, per Executive Member of the Board of Directors, is calculated as the sum of the products of the contribution percentages of each objective to the variable remuneration by the total percentage of achievement of each objective. The above is shown schematically as follows:

Overall percentage of target achievement = [25% x (% achievement of target 1⁽²²⁾)] + [25% x (% achievement of target 2)] + [25% x (% achievement of target 3)] + [25% x (% achievement of target 4)].

Variable remuneration is granted for each target that has been achieved at a rate of 100% and once the condition for activating the variable remuneration payment system has been met.

The total percentage of goal achievement obtained from the above formula is multiplied by the maximum percentage of variable remuneration (bonus) per executive (20%) and the final amount to be distributed is obtained.

Condition for activation of variable remuneration program

For the payment of variable remuneration to the Executive Members of the Board of Directors each year, it is necessary to achieve the required performance of a financial

² The maximum variable remuneration (bonus) per Executive Member of the BoD is set at 20% of the fixed remuneration of the Executive Member

indicator of the company which is defined as a condition for activating the system and is calculated on an annual basis.

Activation indicators are defined as:

- the Company's pre-tax profits in the current fiscal year, less windfalls
- the overall evaluation of the Executive Members which must be greater than the average of the scale on which they are graded

At the end of the financial year, the performance of the specific indicator is evaluated and once the result has been reached at 100%, approval will be given by the Board of Directors for the granting of variable remuneration to the Executive Members.

The amount of the activation index is determined each year with a recommendation from the Remuneration and Nominations Committee to the Board of Directors for final approval.

Irrespective of the above, the Board of Directors may decide with justification not to pay variable remuneration to the Executive Members due to extraordinary conditions in the internal and/or external environment of the company with the aim of securing its medium-long-term results and its development.

Appendix II

Governance of the Remuneration Framework

Category	Action	Responsible Unit							
		General Assembly	Board of Directors	Remuneration and Nominations Committee	Internal Audit Division	Executive Division of Human Resources (especially Remuneration & Employment Relations Division)	Legal Services Division	Regulatory Compliance Division	Statutory Auditors
Design	Provision of guidelines			^					
	Mapping/Revision of Policy					^			
	Advisory support in the development of Policy				^		^		
	Carrying out an exercise on the			^					

	need to update the Policy								
	Contribute to the updating of the Policy				^	^	^	^	
	Evaluation and decision on the above proposals		^	^					
	Pre-approval of the Policy			^					
	Approval of the Policy			^					
	Final approval (validation) of the Policy	^							
	Monitoring compliance with the current institutional and supervisory framework							^	^
Implementing, reviewing, verifying and	Operational application control					^			
	Annual monitoring of the implementation of the Policy				^				

						of Human Resources			
Report	Overview of the annual remuneration report			??					
	Audit of the annual remuneration report								??
	Approval of the annual remuneration report and submission to the AG		??						

EYDAP S.A.
