


**ATHENS WATER SUPPLY AND SEWERAGE COMPANY S.A. (EYDAP S.A.)**
**REMUNERATION POLICY**

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## 1 Introduction

### 1.1 Purpose

The public limited company named “ATHENS WATER SUPPLY AND SEWERAGE COMPANY S.A.” with the distinctive title "EYDAP S.A." or "EYDAP" (hereinafter, the "**Company**"), whose shares are traded on the Main Market of the Athens Stock Exchange, in the context of its compliance with the provisions of the applicable legislation on public limited liability companies (Law 4548/2018), the requirements of corporate governance (Law 3016/2002), and in accordance with the provisions of Law 4706/2020, has established this Remuneration Policy (hereinafter referred to as "Policy"), in order to establish and implement the basic principles and rules on the remuneration of the members (executive and non-executive) of the Board of Directors (BoD), in a transparent, clear and comprehensible manner.

The purpose of this Policy includes the following:

- Ensuring the Company's compliance with the applicable institutional and supervisory framework
- The promotion of the interests and sustainable development of the Company and to serve its strategic objectives.
- Ensuring a sense of fair compensation, commitment and reward.
- Ensuring that the level of remuneration is commensurate with the qualifications and contribution of the above persons to the Company.
- Ensuring the competitiveness of salaries, ensuring the creating value for the company, employees and shareholders.
- To monitor market best practices in relation to remuneration Board members' remuneration and the Company's alignment with them, taking into account the fact that it is a listed company and that it operates under the rules of private economy, as an entity of public interest
- Ensuring that the remuneration governed by the Policy is determined taking into account the salary and working conditions of employees of the Company.

- 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 are suitably qualified to carry out their strategic and control functions and have the appropriate expertise and professional experience for the development and implementation of the strategic and business plan of the Company.

All of the above have been taken into account in the preparation of this policy and the principle of paying remuneration on the basis of what is reasonable and fair measure to the persons selected as the most suitable and best qualified for the job performance, taking into account the needs and nature of the post or position concerned or functional role as well as the well-being of the company, the long term value enhancement and sustainable growth.

The Policy is available on the Company's website [www.eydap.gr](http://www.eydap.gr)

## 1.2 Current institutional and supervisory framework

- **Law 4548/2018** "Reform of the law of public limited companies".
- **Law 4706/2020** "Corporate Governance of Public Limited Companies"
- **Law 4512/2018** "Arrangements for the implementation of the Structural Reforms of the Economic Adjustment Programme and other Provisions" - "Article 380 Amendments to Law No. 4389/2016 (A '94) on the HCAP".
- **Law 4389/2016** "Urgent provisions for the implementation of the agreement Fiscal Objectives and Structural Reforms Agreement and other provisions"
- "PART FOUR ESTABLISHMENT OF A HOLDING AND PROPERTY COMPANY S.R.O.- RATIFICATION OF CONCESSION CONTRACTS AND OTHER PROVISIONS".
- **Law 4387/2016** "Unified Social Security System - Reform of the Social Security System - Insurance - Pension System - Tax Arrangements Income and Gambling Taxation and other provisions".
- **Law 4354/2015** "Management of non-performing loans, wage and salary agreements and other urgent provisions for the implementation of the agreement Fiscal Targets and Structural Reforms Agreement".
- **Law 3429/2005** "Public Enterprises and Organizations".

- **Law 3016/2002** "On Corporate Governance, Wages and Salaries and other provisions".
- **Law 2744/1999** "Regulation of issues concerning the Athens Water Supply and Sewerage Company (Sewerage Company of the Capital Region) and other provisions".
- **Law 1068/1980** "On the establishment of a single Athens water supply and sewerage company".

At the same time, the provisions of the Statute, the "Code of Corporate Governance / Internal Rules of Procedure" of the Company, as well as the terms of the relevant Operational Collective Agreements.

## 2 Scope of application

The Policy applies at the level of the parent company.

The Policy is established and applied to:

- Members of the Board of Directors (BoD) (executive and non-executive including the President of the Board)
- The Chief Executive Officer and Deputy Chief Executive Officer (who are currently also executive members of the Board).

By express statutory provision, it is possible to provide for an extension of the Policy to administrative staff as well, as defined in International Accounting Standard 24 - paragraph 9.

## 3. Remuneration components

The remuneration that may be granted to the members of the Board of Directors, are divided into the following categories:

- **Fixed salary:** These are aimed at rewarding persons covered by the Remuneration Policy according to:
  - i. the job position (responsibilities and duties) and the relevant importance for the Company
  - ii. the experience and expertise required to perform the duties of the post
  - iii. the salaries paid for similar positions by similar companies, as derived from Remuneration Surveys of the Greek market.

- Variable pay (Bonus): These salaries depend on the performance appraisal data of the persons covered by the Policy Remuneration Policy, but also on the results of the Company. The variable remuneration is aimed at rewarding their efforts and to enhance the performance of executives.

- Benefits: (e.g. group insurance policies, company car, mobile phone, free product distribution, travel expenses, etc.). The benefits enhance the competitiveness of the Company in terms of attracting and retention of executives, enhancing the living standards of the executives.

#### 4 Remuneration and Benefits of Board Member

##### 4.1 Remuneration and Benefits of Non-Executive Members of the Board of Directors

Non-executive members of the Board receive the following:

- President of the Board: the President of the Board 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 appearances on the Board
  - a monthly allowance for representation and travel expenses

The non-executive members of the Board, including the President of the Board shall be granted additional remuneration for their participation or Presidentship of 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 remuneration of the members of the Committees shall be as follows lower than the fees of the Chairmen and depend on the degree of expertise, length of service and responsibility of the members. For the role of the President 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 and to prepare for meetings. A ceiling is set for the fees of the members and the President 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 Board and the Service Board), with the possibility of providing additional fixed remuneration, the amount of which will be determined by separate decisions of the Board of Directors.

Violation of the attendance requirements for non-executive members at the meetings of the Board of Directors and/or its Committees will result firstly in the recommendation by the President of the Board and the respective Committees and, depending on the nature of the problem faced by the member, it may be decided to possible replacement of the member. In addition to the above salaries and the salaries mentioned in chap. 4.2.4 Benefits, no any other remuneration and/or benefits shall be paid to the non-executive members of the Board. In particular, non-executive members are not entitled to variable remuneration, supplementary pension, nor participation in early retirement schemes. nor payments linked to the termination of their term of office on the Board of Directors and its Committees.

The total remuneration and any allowances of the non-executive members of the Board of Directors are reported in a separate category in the appendix to the annual financial statements.

The remuneration of non-executive members is paid on a monthly basis and is subject to the prescribed deductions in accordance with the approved Policy and 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 the appropriate qualifications and experience who will provide and dedicate the required contribution, commitment and time to the Board. For this purpose, annual market surveys of pay and benefits as well as individual surveys are taken into account.

#### **4.1.1 Significance of remuneration for independent non-executive Board members**

According to the provisions of paragraph 2, point a, of article 9 of Law 4706/2020 on corporate governance, in order to qualify a non-executive member of the Board of Directors as independent should, both at the time of appointment and during his/her term of office, he/she must not directly or indirectly hold a percentage of rights voting rights of more than zero point five per cent (0.5 per cent) of the capital of the Company and at the same time, be free of financial, business, family or other type of dependency relationship, including receipt of any significant remuneration or benefit from the Company or from affiliated company.

To this end, the Company has established a framework to ensure that the remuneration and benefits received by independent non-executive directors are consistent with their independence. Accordingly, the criteria that the Company takes into account in making its assessment of the materiality of the remuneration or benefit received by each independent non-executive director are summarized below:

- The size, the internal structure, the organization, the complexity of the Company's business activities, the specific characteristics and the sectors in which it operates.
- The skills, abilities, diversity, knowledge and experience of the member.
- The significant international experience in business as well as in the broader the wider community that the Board member possesses
- The securing and effective use of diversity and 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 directors in similar companies on the Greek market (monitoring of annual reports)

#### **4.2 Remuneration and Benefits of Executive Board Members**

The executive members of the Board of Directors are:

- The CEO of the Company
- The Deputy CEO of the Company

In 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,
- the remuneration in listed companies of a comparable size to EYDAP and the salaries of similar entities of HACP.

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 surveys remuneration surveys of companies of a similar size. The Remuneration and Nomination Committee may, however, recommend to the Board of Directors whether to ultimately adopt the average or to justify why it considers that the executives in question should receive something different from the average (above or below and generally within the limits of the approved salary range).

#### 4.2.1 Fixed remuneration

Executive members of the Board receive:

- a fixed salary paid monthly.
- additional annual remuneration (flat-rate) for their participation for their participation in the Board of Directors.

The fixed remuneration of executive members is paid on a monthly basis and subject to the prescribed deductions in accordance with the approved Policy as well as applicable tax and insurance legislation. In addition, the fixed remuneration of executive members is determined by means of contracts which signed by these executives with the Company, which specify the responsibilities and duties of these executives as well as the amount of their remuneration.

As the contracts of the executive members are of indefinite duration, the remuneration will be reviewed annually by the Remuneration and Nomination Committee; and will be adjusted when necessary, including in line with market trends for the specific roles.

#### 4.2.2 Variable remuneration

Given that the immediate objective for the Company is to improve the performance of the and results of the Company, the Company grants to the positions of CEO and Deputy Managing Director additional incentives in the form of variable remuneration linked to short and/or medium-term corporate objectives.

The Remuneration and Nominations Committee shall annually recommend to the Board the establishment and review (where necessary) of KPIs, targets and objectives targets to be achieved and the percentage of variable pay in the if they are achieved (the amount of variable pay awarded shall not be set at the level of the should not exceed 15% of the fixed remuneration of the executive members- see also Annex I). The objectives must be consistent with the investment and strategic plan of the Company. In addition to the annual objectives, the possibility of establishing additional long-term objectives, the assessment of which will be carried out in the long term, and over a period of time, e.g. 3 years. These are approved by the Board of Directors and take final ratification by the General Meeting of Shareholders.

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 2 months is set for target setting after the Board of Directors approves the Company's budget. In the event that, after the publication of the financial results of the previous financial year, there is a material change on the above figures, the targets may be adjusted within 2 months after the date of publication of the financial statements of the previous financial year.

In addition, by decision of the Board of Directors, additional extraordinary variable remuneration may be paid to executive members linked to the achievement/completion of a strategic objective, the amount of which shall not exceed the gross base salary of two monthly salaries. The objective linked to the additional exceptional variable remuneration is a recommendation of the Remuneration and Nomination Committee and is approved by the Board of Directors. The additional exceptional variable remuneration and the timing of its payment are proposed by the Remuneration and Nomination Committee, approved by the Board of Directors and receive final ratification by the General Meeting of Shareholders.

### 4.2.3 Malus & clawback provisions

In case of violation of regulations or procedures, non-compliance with the standards of suitability and reliability or other equally serious cause, for conduct that resulted in significant losses (e.g. falsification of financial statements or generally incorrect financial information that used to calculate the bonus), the Company is entitled to use all legal means to claim reimbursement of the relevant amounts (in whole or in part) that have been paid.

### 4.2.4 Benefits

The other benefits relate only to the President and the executive members of the Board of Directors (with the exception of the insurance coverage of the liability of the which also applies to non-executive members of the Board of Directors) and are not included the definition of variable remuneration in the Remuneration Policy. The benefits that granted to the President and executive members of the Board of Directors, taking into account the market practices and the benefits granted to the staff of the company's employees are related to:

- Provision of company car and related coverages.
- Provision of laptop computer, telecommunications equipment and mobile phone plan.
- Coverage of the cost of participation in a personal insurance scheme out-patient and in-patient health care in a private insurance company, as applicable to the Company's staff.
- Liability insurance coverage for management executives.
- Expenses for representation, travel, accommodation and subsistence expenses, in connection with the performance of the duties of the members of the Board of Directors and on presentation of the relevant supporting documents<sup>1</sup>.

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

The granting of the above benefits shall be governed by the procedures in force from time to time and policies of the Company.

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<sup>1</sup> It is not really a benefit but a way of covering a corporate expense, however, it is mentioned for completeness

The Remuneration and Nominations Committee may, at its annual meeting annual review of fixed and variable remuneration to redefine the granting of any benefits and to recommend other forms of benefits - in addition to the above-mentioned - for the executive members and the President of the Board of Directors (in the light of Articles 109 - 112 of the Law. 4548/2018) in order to support the operation, the Company's operations and to ensure competitiveness with similar sized organizations of the Greek market.

#### **4.2.5 Contracts**

The executive members of the Board of Directors are linked to the Company by a paid mandate. The contracts are of indefinite duration and include, inter alia, the following elements: remuneration, duration, terms of termination of contract, performance of duties assigned by the Board of Directors, avoidance of conflicts of interest, confidentiality, payments linked to the termination of contracts, period of notice.

#### **4.3 Measures to avoid and manage conflict conflicts 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 to the company. They must indicate the cases of conflict of interest and refrain from voting on the decisions in which they have a conflict of interest.

### **5 Governance of the Remuneration Framework**

#### **5.1 Governance of Remuneration Policy**

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 mapped/revised by the relevant Human Resources Department with appropriate advice from the Legal Affairs Directorate, and with the Legal Services and the Internal Audit Directorate (as reflected in the Table in the Annex).

The Remuneration and Nominations Committee recommends the draft Policy to the Board of Directors.

The Board of Directors approves the Policy for final approval (ratification) to the General Assembly.

At the meeting of the General Assembly, the shareholders' vote on the Policy is binding. Members of the Board of Directors who have at the same time the status of shareholder, are not counted for the formation of quorum and majority.

The Internal Audit Division is responsible for checking the legality of the of remuneration and benefits of all kinds on at least an annual basis. The findings are set out in a report which is communicated to the Remuneration and Nomination Committee.

Following a delegation by the Board of Directors, the Remuneration and Nominations Committee shall be responsible: a) to supervise the compliance of the Policy with the applicable institutional and supervisory framework, with appropriate support from the competent authorities (e.g. Human Resources, Legal Services, Internal Audit). b) to supervise the proper implementation of the Policy, through the relevant findings and reports of the Internal Audit Directorate, the Internal Audit Division, the of which it is the recipient.

Annually evaluate the need for updating the Remuneration Policy by Remuneration and Nomination Committee, on the basis of proposals submitted by of the Company (e.g. Human Resources, Legal Affairs, Human Resources, and Legal Affairs). Legal Services, Internal Audit).

If amendments are required, the relevant proposals of the Remuneration Committee and Nominations Committee shall be evaluated by the Board of Directors.

The custodian of the Policy is the Organization Service, which is responsible for keeping up-to-date records.

## **5.2 Remuneration governance**

The remuneration of each executive and non-executive member of the Board of Directors is approved by the Board of Directors following a recommendation from the Remuneration and Nomination Committee. The approval of the remuneration of executive members shall be made without the presence of the relevant meeting of the Board of Directors. The Board of Directors, following the above procedure, formulates and submits a proposal to the General Meeting of Shareholders of the Company, for their ratification.

## **5.3 Governance of the Annual Remuneration Report**

The Company shall be required to prepare a clear and comprehensible report, which shall include a comprehensive overview of all the remuneration regulated in the Policy for the last financial year.

The Annual Remuneration Report is prepared by the Directorate General for Human Resources and with the possible support of a specialized consultant

The Annual Report on Remuneration includes all types of benefits that granted or owed to persons whose remuneration has been included in the Policy during the last financial year, whether or not they are newly elected or former Board members.

In particular, the Annual Remuneration Report shall contain, as a minimum, the following information on the remuneration of each individual board member:

- (a) the total remuneration granted or paid, with analysis on their individual components, the relative percentages of fixed and variable components remuneration and an explanation of how the performance criteria and of how the total remuneration complies with the approved remuneration scale Policy,
- (b) the annual change in the remuneration of the members of the Board of Directors, the annual change of the Company's performance and the annual change in the average remuneration of the Company's full-time employees (excluding members of the Board of Directors), over at least the last 5 financial years, with a joint presentation of these data, so as to facilitate comparison of the data by shareholders,
- (c) any remuneration of any kind from subsidiaries of the Group,

The Annual Remuneration Report is reviewed by the Remuneration Committee and Nomination Committee and the non-executive members of the Board of Directors concerning the integration the required information in accordance with the institutional and supervisory framework.

The Annual Remuneration Report for the last financial year shall be submitted to discussed at the Ordinary General Meeting, as an item on the agenda. The shareholders' vote on the remuneration report is advisory.

The Board of Directors should explain in the next remuneration report how the above voting result was taken into account during the ordinary General Meeting.

The Company's auditors shall verify whether and how much have the information been provided regarding the publication of the Annual Remuneration Report, and the posting of the relevant information on the website of the Company's website.

## **5.4 Publicity obligations**

### **5.4.1 Publicity Obligations of the Remuneration Policy**

This Policy, including the date and results of the vote has been subjected to the statutory publicity formalities and remains available on the Company's website [www.eydap.gr](http://www.eydap.gr).

### **5.4.2 Publicity obligations of the Annual Report Remuneration Report**

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

Retention beyond the above period is permitted provided that it is ensured that it no longer contains personal data relating to members of Board of Directors.

The Annual Remuneration Report must be included in the corporate governance statement.

## **6 Limitations of the Remuneration Policy**

This policy takes into account the applicable legal restrictions in force from time to time, as well as the relevant circulars of the Ministry of Finance or other relevant supervisory authorities and operational entities, regarding any maximum limits on the remuneration of the President and executive members of the Board of Directors.

## **7 Validity of the Remuneration Policy**

This Policy is approved by the decision of the Annual General Meeting of the Company's shareholders dated 26.06.2020 and is valid for four [4] years from that date, unless revised and/or amended earlier pursuant to another resolution of the General Meeting. Each time it is noted a substantial change in the circumstances under which the approved plan was drawn up Policy shall be resubmitted for approval to the General Meeting of Shareholders and in any case every 4 years from its approval.

Exceptionally, derogation from the Policy is allowed, but only temporarily, if deemed necessary by the Board of Directors in order to serve the long-term interests of the Company and to ensure its viability and subject to approval by the General Meeting of Shareholders.

## Annex I

The Annex specifies how variable remuneration is to be paid to executive members of the Board of Directors, and in particular the CEO and the Deputy Managing Director.

Objective of the variable remuneration system for executive members is to align the executive members with the strategies of the priorities of the company, to enhance the achievement of the expected and rewarding this by the company.

### 1. Performance Measurement Indicators (KPIs)

As mentioned in Section 4.2.2, the variable remuneration of the executive directors members of the Board of Directors are dependent on the achievement of objectives which are measured by Performance Measurement Indicators.

For the definition of the Performance Measurement Indicators, the strategic objectives have been taken into account: i) Safety ii) Efficiency and iii) Development, as well as the long-term interests and sustainable growth.

Below are four (4) indicators directly linked to the above strategic priorities and among them is included reducing the volume of unpriced water, an important indicator for sustainable water management sustainable development of the Agency. The Efficiency Measurement Indicators are linked to the amount of the variable remuneration that these executives will receive.

The Board of Directors, following a recommendation of the Remuneration and Nominations Committee, may change the Performance Measurement Indicators. indicators listed below will be valid for the next two (2) years.

Strategy Priority	Indicator	Calculation method
Efficiency	Overdue receivables	Total overdue claims of individuals > 6 months of the current fiscal year / total private claims of the current fiscal year



	Functional Costs	Operating costs for the current fiscal year (excluding own work) - depreciation - provisions for use – untreated water cost / turnover for the current fiscal year
Development	Investment plan	Realised level of investment for the current fiscal year / budgeted level of investment for the current fiscal year
Security (including environmental management)	Unbilled water	Water losses of the IWS against IWA + leaks within the WTPs (cubic meters) of the current fiscal year / Amount of water flowing into the connection points of the WTPs (cubic meters) of the current fiscal year

The above indicators and the level of their achievement shall be approved each year by the Board of Directors, are ratified by the General Assembly and also relate to the 2 executive members of the Board of Directors.

For the level of target setting of the above indicators as well as for the result of their achievement, the financial figures as they are 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, a time limit of 2 months after the approval of the Company's budget by the Board of Directors is set for target setting. If, after the publication of the financial results of the previous financial year, there is a material change on the above figures, the targets may be adjusted within 2 months after the date of publication of the financial results of the previous financial year.

## 2. Maximum amounts of variable remuneration

The maximum variable remuneration (bonus) per executive is set at 15% of the fixed remuneration of executive members. Each of the above objective shall be given equal weight in the calculation of the overall variable remuneration to be allocated.

If any of the above-mentioned objectives are achieved for 2 consecutive financial years, then the amount of variable remuneration to be allocated to specific target(s) shall be increased by 2/3 and paid retroactively.

## 3. Time of payment of variable remuneration

Variable remuneration is paid to executive members in the year following the reporting year and within three (3) months after the approval of the company's financial results for the reporting year. With regard to the achievement/completion of a strategic objective, the provisions set out in the last paragraph of Article 4.2.2 apply.

## 4. Calculation of the amount to be allocated

The overall percentage of achievement of the objectives, per executive member, is calculated as the sum of the product of the contribution rates of each objective to variable remuneration multiplied by the overall percentage of achievement of each objective. The above is illustrated schematically as follows:

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

Variable remuneration is granted for each target achieved at a rate of 100% and if the system activation condition has been reached payment of variable remuneration.

The overall target achievement rate resulting from the above formula, multiplied by the maximum variable pay rate (bonus) per executive (15%), resulting in the final amount to be allocated.

## 5. Variable remuneration scheme activation agreement

The payment of variable remuneration to executive members per year requires the achievement of the required performance of a financial indicator of the company that defined as the triggering condition of the scheme and calculated on an annual basis. This requirement does not apply to the achievement/ completion of a strategic objective, to which the provisions of Article 4.2.2 apply.

The triggering indicators are defined as:

- the company's profit before tax for the current financial year, less extraordinary income
- the overall rating of the Chief Executive Officer and the Deputy Chief Executive Officer must be above the average of the scale on which they are rated

At the end of the financial year, the efficiency of this indicator shall be evaluated and if the result is 100% achieved the approval for the granting of variable remuneration to executive members will be given of the Board of Directors.

The level of the activation index shall be determined each year on the basis of a recommendation from the Remuneration and Nomination Committee to the Board of Directors and final approval by the General Assembly.

Notwithstanding the above, the Board of Directors may decide, with justification, not to pay variable remuneration to executive members due to exceptional circumstances in the internal and/or external environment of the company in order to ensure its medium to long-term results and growth.

## REMUNERATION POLICY EYDAP S.A.

### Annex II

#### Governance of the Remuneration Framework

Category	Action	Responsible Unit							
		General Assembly	Board of Directors	Remuneration and Nominations Committee	Internal Audit Directorate	Responsible Department of Human Resources	Organization Service	Legal Services Directorate	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			✓					
	Adoption of the Policy		✓						
	Final approval (validation) of the Policy	✓							
	Custodian of the Policy						✓		

Implementing, reviewing, verifying and ensuring compliance with framework	Monitoring compliance with the applicable institutional and supervisory framework							✓	
	Monitoring the implementation of the Policy				✓				
	Monitoring of the implementation of the Policy			✓					
Annual Remuneration	Support for the preparation of the annual report					✓			

Category	Action	Responsible Unit							
		General Assembly	Board of Directors	Remuneration and Nominations	Internal Audit Directorate	Responsible Department of Human Resources	Organization Service	Legal Services Directorate	Statutory Auditors
Report	Overview of the annual remuneration report			✓					
	Audit of the annual remuneration report								✓
	Approval of the annual remuneration report and submission to the AG		✓						

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