



REMUNERATION POLICY OF THE SOLE DIRECTOR OF HOLDE AGRI INVEST S.A.

Holde Agri Invest S.A.

Trade Registry No: J40/9208/2018; CUI 39549730

Headquarters: Splaiul Unirii nr. 16, Etaj 1, Camera 103, Biroul nr. 3, Bucharest, Romania

Subscribed and paid-up share capital: 43,069,796 RON

www.holde.eu | contact@holde.eu

CHAPTER I. INTRODUCTION

HOLDE AGRI INVEST S.A. (“**Holde**” or the “**Company**”) is managed under a one-tier system by a sole director, **HOLDE AGRI MANAGEMENT S.R.L.** (the “**Sole Director**”), legal person which manages the day-to-day business of the Company.

The Sole Director is appointed under the decision of the ordinary general meeting of shareholders (the “**OGMS**”). The Sole Director, legal person, designates a permanent representative natural person.

This remuneration policy for the Sole Director of Holde (the “**Policy**”) was drawn up after the entry into force of Law no. 158/2020 for the amendment and supplementation of Law no. 24/2017 on issuers of financial instruments and market operations, so as to comply with the new legal requirements on remuneration of corporate officers.

This Policy was drawn up by the Sole Director of the Company, and then put to a vote within the OGMS. The results of such vote and of subsequent votes shall be published together with this Policy on www.holde.eu.

The Remuneration Policy contributes to the business strategy of the Company, its long-term interests and sustainability with regard to complex agricultural projects in Romania consisting in the purchase, development and management of agricultural land and its exploitation and in the purchase, development and management of cereal farms and related infrastructure and facilities, as well as of other agricultural assets.

The implementation of this Policy and the results of the performance of the financial year under review are included in the Annual Remuneration Report for the Sole Director of Holde to be drawn up as from the 2021 financial year.

After its approval by the OGMS, this Policy shall be effective for the next four years, unless a new Policy is proposed and approved by the shareholders in the meantime.

CHAPTER II. PURPOSE

The purpose of this Policy is to lay down the principles of remuneration of the Company’s Sole Director, as provided by Law 24/2017, the Articles of Incorporation of the Company and the Management Agreement concluded between the Company and the Sole Director of the Company (the “**Management Agreement**”).

CHAPTER III. DECISION-MAKING PROCESS

To comply with the applicable legal provisions regarding the Remuneration Policy, the Company shall pay the remuneration of the Sole Director in accordance with a remuneration policy which has been approved by the OGMS, and subject to observance of the Management Agreement. This Policy shall be put to the vote of the OGMS if any material change arises and, in any case, at least once every four years.

If the OGMS of the Company does not approve the new proposed policy, the Company shall continue to pay the remuneration in accordance with the provisions of the Management Agreement and shall submit a revised policy for approval at the following general meeting, even if it is not an annual general meeting.

The revised policy shall also include (i) a description of all material changes to the policy and of the way in which the shareholders' votes and points of view are taken into account with regard to the remuneration policy, and (ii) a report from the latest vote of the general meeting of shareholders with regard to the remuneration policy.

As to the decision-making process, the following management bodies are involved in the drawing up, submission for approval, approval and implementation of this Policy.

The OGMS

- Approves the Policy and any changes thereto;
- Approves the remuneration of the Sole Director.

The Sole Director

- Draws up the Policy and any related remuneration document.

CHAPTER IV. REMUNERATION OF THE SOLE DIRECTOR OF THE COMPANY

➤ ***Principles setting out the remuneration of the Sole Director of the Company***

The method of remuneration of the Sole Director of the Company is part of the Management Agreement concluded between the Company and the Sole Director.

The current remuneration of the Sole Director is regulated by the Management Agreement.

The structure of the remuneration mechanism of the Sole Director of the Company have the purpose to motivate an equilibrated growth of the business, both, quantitative through the managed area, and qualitative according to the performance per hectare, having an acceleration and deceleration component, depending on the achieved results.

➤ ***Description of the method of remuneration of the Sole Director of the Company***

The Sole Director is entitled to an Annual Base Remuneration, to an Annual Performance Bonus and to an Exit Bonus.

1. Annual Base Remuneration

The Annual Base Remuneration consists of a fixed and a variable component, as follows:

- 1.1. a fixed amount in of EUR 53,200 (the "**Fixed Component**").
- 1.2. a variable amount equal to: EUR 19,950 (nineteen thousand nine hundred fifty) x N or (x% x N) (as applicable) (the "**Variable Component**")

N = the total number of land modules managed by the Company during the prior financial year;

1 (one) land module = 2,000 (two thousand) ha of land.

2. Annual Performance Bonus

In addition to the Annual Base Remuneration, the Company shall pay to the Sole Director an annual performance bonus (the “**Annual Performance Bonus**”), depending on the annual level of the consolidated EBIT recorded at the level of the Company and its branches, as follows:

- 2.1. If EBIT prior to deducting the Annual Base Remuneration is lower than EUR 100 (one hundred) per ha of exploited land, but is a positive number, the Annual Performance Bonus shall be equal to 15 (fifteen)% of the annual EBIT;
- 2.2. If EBIT prior to deducting the Annual Base Remuneration ranges from EUR 100 (one hundred) to EUR 200 (two hundred) per ha of exploited land, the Annual Performance Bonus shall be equal to 26 (twenty-six)% of the annual EBIT;
- 2.3. If EBIT prior to deducting the Annual Base Remuneration is greater than EUR 200 (two hundred) per ha of exploited land, the Annual Performance Bonus shall be equal to 26 (twenty-six)% of the annual EBIT + 35 (thirty-five)% of the excess EBIT. The excess EBIT shall be deemed to be the EBIT amount which exceeds EUR 200 (two hundred) per ha of land.

In order to calculate the Annual Performance Bonus, the operating results based on which EBIT is to be determined shall not take into consideration, and therefore shall be reduced by, the operating loss recorded by the Company during prior financial years (applying the *high water mark* principle).

3. Exit Bonus

In addition to the Yearly Regular Fee and the Yearly Performance Fee, the Company shall owe to the Manager an exit bonus (“**Exit Bonus**”) equal to:

- 15% (for IRR<7.5%)
- 22% (for 7.5%=IRR<=17.5%)
- 25% (only for the IRR surplus that exceeds 17.5%),

x [the Company Value minus retained earnings which are to be reinvested, plus net earnings pertaining to year ten on the Initial Duration, minus the total equity contributions invested in the Company by its shareholders throughout the Initial Duration].

The IRR (Internal Rate of Return) calculation formula is as follows:

$$\sum_{t=1}^{10} \frac{C_t}{(1+r)^t} + \frac{VS_{10}}{(1+r)^{10}} - \sum_{t=1}^{10} \frac{I_t}{(1+r)^t} = 0$$

Where:

I_t = investments made by investors in each round of funding (contributions to share capital)

C_t = net cash inflow for year "t" (dividend paid/share capital decreases between years 1-10,

VS_{10} = Company's value at the Exit Bonus calculation date

r = IRR

t = number of years

The Exit Bonus shall be paid on a ten-year basis. The first Exit Bonus shall be paid after the expiry of the Initial Duration, in one tranche, within 30 (thirty) days as from the approval of the latest financial statements by the Company General Meeting. The payment of the Exit Bonus is conditioned on an independent audit of the statements submitted by the Company to Agricultural Payments and Intervention Agency ("APIA"). The Independent Auditor will be proposed by the Manager and appointed by the General Meeting of Shareholders. If the audit report mentioned above indicates potential quantifiable risks, a retention will be applied to the Exit Bonus, pro-rata with the relevant EBIT diminished as a result of such risks.

➤ ***Matters relating to the payment of the remuneration by equity swap***

If the case will be, the Sole Director will have the option, but not the obligation, to convert the value of all or part of the outstanding and unpaid fees by the Company into shares, by uncontested, liquid, and enforceable debt to equity swap, based on the Company's value.

Therefore, the conversion price will be the highest value of:

- the weighted average trading price for the period of 12 months preceding the date set for the conversion of debts into shares;
- the price resulted by net asset value per share, according to the last audited financial statement of the Company;
- value of the share established by an independent valuator appointed by the Company, established in accordance with international valuation standards.

➤ ***Payment of remunerations to the Sole Director***

The Fixed Component of the Annual Base Remuneration shall be paid in two instalments of EUR 26,600 each, until January 10 (ten) and July 10 (ten) every year, for the current year.

The Variable Component shall be paid in one instalment, within 30 (thirty) days from the approval of the most recent annual financial statements by the OGMS.

The Annual Performance Bonus shall be paid in one instalment, within 30 (thirty) days from the approval of the most recent consolidated annual financial statements approved by the OGMS.

All payments set forth in the Management Agreement shall be made based on the fiscal invoices issued to this end by the Sole Director within maximum 30 (thirty) days from receipt thereof.

All EUR amounts laid down in the Management Agreement shall be paid into the Sole Director's bank account indicated on such invoice, in the RON equivalent amount, based on the EUR/RON rate of exchange communicated by the National Bank of Romania for the date on which the related fiscal invoice is issued by the Sole Director.

**CHAPTER V. TERM OF OFFICE OF THE SOLE DIRECTOR AND DURATION OF THE MANAGEMENT AGREEMENT.
TERMINATION CONDITIONS OF THE MANAGEMENT AGREEMENT**

Under the Articles of Incorporation, the Sole Director was initially appointed for a two (2)-year term, being eligible for re-election for additional periods of four (4) years. The shareholders undertake to validly take and register with the Trade Registry any decision of the General Meeting necessary to ensure that the term of office of the Sole Director is extended so as to reflect the duration of the Management Agreement.

In 2020, the Director's term of office was extended for a period of 4 years.

The initial duration of the Management Agreement is of 10 (ten) years as from January 1 of the year following the signing date, *i.e.* until 31.12.2028 (the "**Initial Duration**").

The Company may unilaterally terminate the Management Agreement by providing a written notice to the Sole Director at least 12 (twelve) months before the contemplated date of termination.

The Sole Director may unilaterally terminate the Management Agreement by providing a written notice to the Company at least 12 (twelve) months before the contemplated date of termination.

The Company and the Sole Director may unilaterally terminate the Management Agreement as from the expiration of the first five (5) years of the Initial Duration.

If the Company exercises its right to unilateral termination which do not involve the Sole Director's fault, the Company shall pay an early termination penalty to the Sole Director, as follows:

- EUR 2.77 million if the right of termination is exercised in the first year of the Initial Duration;
- EUR 3.08 million if the right of termination is exercised in the second year of the Initial Duration;
- EUR 3.43 million if the right of termination is exercised in the third year of the Initial Duration;
- EUR 3.62 million if the right of termination is exercised in the fourth year of the Initial Duration;
- EUR 3.84 million if the right of termination is exercised in the fifth year of the Initial Duration;
- 20% of the value of the Company (excluding the value offered by a third-party purchaser for acquiring all or part of the Company shares) if the right of termination is exercised at any time in the sixth or seventh year of the Initial Duration;
- 25% of the value of the Company (excluding the value offered by a third-party purchaser for acquiring all or part of the Company shares) if the right of termination is exercised at any time after the seventh year of the Initial Duration.

The Management Agreement may also cease by unilateral termination for cause under Article 1552 of the Romanian Civil Code by either party if the other party is in material breach of its obligations under the Management Agreement and fails to remedy such breach within 45 (forty-five) business days from the written notice delivered by the other party to this end.

Moreover, the Management Agreement may be terminated before the expiration of the Initial Duration by unilateral termination / termination for cause by the Company, without early termination penalties, if: (a) the

Company's EBIT is lower than EUR 80 (eighty) per ha, during any period of 3 (three) consecutive years, only on condition that the Company exercises such right within 12 months from the end of such period, or (b) the average EBIT for any 3 consecutive years recorded by the Company is lower than EUR 50 (fifty) per ha, only on condition that the Company exercises such right within 12 months from the end of such period, or (c) the Company's expenses are not covered by income in a percentage greater than 75%, in conjunction with the identification of concrete acts of poor management, or (d) during the first 4 (four) years of the duration of the agreement at least 50% of the key personnel is no longer involved in the Sole Director's activity in the Company's project, in conjunction with the case in which the General Meeting of the Shareholders of the Company fails to justifiably approve, twice in a row, the proposal for replacing the Key Personnel which is no longer involved in the Director's activity.

In case of termination of the Management Agreement, for whatever reason, the Company shall pay to the Sole Director all amounts due under the Management Agreement until the actual termination of its term of office, together with all expenses owed to the Sole Director under the Management Agreement.

CHAPTER VI. AVOIDANCE OF CONFLICTS OF INTEREST

This Policy is drawn up according to the principle for avoidance of conflict of interest and includes measures which ensure a professional and responsible conduct at the Company level.

The Sole Director of the Company shall act with due care and behave in a manner and with such ethics and integrity so as to avoid a real or seeming conflict of interest.

The level of remuneration of the Company's Sole Director is approved by the OGMS in close connection with the job responsibilities and commitments, in accordance with the provisions of the Management Agreement.

CHAPTER VII. EXCEPTIONS TO THIS POLICY

Under limited extraordinary circumstances, remunerations not covered by this Policy may be temporarily agreed upon in order to serve the long-term general interests and sustainability of the Company or to ensure its reliability.

Therefore, the performance criteria may be adjusted to reflect the current strategy at the time, the performance periods may be reduced or extended depending on the Company's strategic orientation.

In case that the Company and the Sole Director agree on new remuneration conditions by amendment of the Management Agreement, by exception, shall apply the provisions of the Management Agreement starting with the effective date of such provisions, following that the general meeting will update/modify this Policy accordingly.

Moreover, the amendments made to the relevant legislation may result in exceptions to this Policy, which are beyond the Company's control.

CHAPTER VIII. TRANSPARENCY

After having been voted by the OGMS, the Policy shall be available on the Company's website, www.holde.eu, together with the date and the vote results, and shall remain available to the public, free of charge, for at least the period during which such Policy is effective.

A hard copy of this Policy shall be made available after filing a request to the Company.

Sole Director,
HOLDE AGRI MANAGEMENT S.R.L.

Mr. VOICU EUGEN-GHEORGHE
Permanent representative