**REMUNERATION POLICY**

**APPLICABLE WITHIN HOLDE AGRI INVEST S.A.**

**CHAPTER I. INTRODUCTION**

**HOLDE AGRI INVEST S.A.** (“**Holde**” or “**Company**”) is managed on a one-tier basis by a Board of Directors consisting of 5 members (“**Board of Directors**”), and the executive management is delegated to a general manager (“**General Manager**”).

The members of the Board of Directors are appointed by resolution of the Ordinary General Meeting of Shareholders (“**OGMS**”). The General Manager is appointed by decision of the Board of Directors.

This remuneration policy (“**Policy**”) is drafted in accordance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations.

This Policy was approved by the OGMS. The results of this and of the subsequent votes will be published together with this Policy on [www.holde.eu](http://www.holde.eu).

The remuneration Policy contributes to the Company’s business strategy as well as to its sustainability and long-term interests concerning complex agricultural projects in Romania consisting in the acquisition, development and operation of agricultural land and their exploitation and the acquisition, development and operation of grain farms and related infrastructure and facilities and other agricultural assets.

Once approved by the OGMS, this Policy will be applicable for the next four years, unless a new Policy is proposed and approved by shareholders in the meantime.

**CHAPTER II. PURPOSE**

The purpose of this Policy is to set out the remuneration principles for the members of the Board of Directors and the General Manager, as set out in Law 24/2017, the Company’s Articles of Association and the Management Agreement to be entered into between the Company and each of the members of the Board of Directors (“**Board of Directors Mandate Agreement**”) and the General Manager (“**General Manager Mandate Agreement**”) respectively.

**CHAPTER III. DECISIONAL PROCESS**

To comply with the legal provisions in force regarding remuneration policies, the Company will pay the remuneration to the members of the Board of Directors in accordance with this Policy and pursuant to the Board of Directors Mandate Agreement, and to the General Manager in accordance with this Policy and the General Manager Mandate Agreement. The Policy will be submitted to the OGMS for a vote if any material change occurs and, in any case, at least every four years.

If the Company’s OGMS does not approve the proposed new policy, the Company will continue to pay remuneration in accordance with the provisions of the Board of Directors Mandate Agreement and the General Manager Mandate Agreement, respectively, and will present a revised policy for approval at the next general meeting, even if this is not an annual general meeting.

The revised policy will also include (i) a description of all material changes to the policy and how shareholder votes and views on the remuneration policy are considered as well as (ii) a report on the remuneration policy, from the last vote of the general meeting of shareholders.

As regards the decision-making process, the following governing bodies are involved in preparing, submitting for approval, approving and implementing the Policy.

*The OGMS:*

* Approves the Policy and any amendments thereto;
* Approves the remuneration of the members of the Board of Directors.

*The Board of Directors:*

* Prepares the Policy and any related remuneration document;
* Approves the remuneration of the General Manager.

**CHAPTER IV. THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE GENERAL MANAGER**

* ***The principles governing the remuneration of the members of the Board of Directors and of the General Manager***

The remuneration arrangements for the members of the Board of Directors have been approved by the OGMS and are part of the Board of Directors Mandate Agreement to be entered into between the Company and each of the members of the Board of Directors and of Company’s stock option plan adopted by the OGMS, as may be amended and updated from time to time, subject to the approval by the OGMS (“**SOP Plan**”). The remuneration arrangement of the General Manager is established by the Board of Directors and forms part of the General Manager Mandate Agreement and, where applicable, complies with the SOP Plan.

The remuneration arrangement for the members of the Board of Directors and the General Manager is designed to motivate a balanced growth of the business, both quantitatively, through the area operated, and qualitatively, through the overall performance of the Company.

* ***Description of the remuneration to the members of the Board of Directors***

The remuneration package of the members of the Board of Directors consists of (i) a fixed component, the level of which is approved by the OGMS (i.e., **a fixed net amount of RON 5,000/member of the Board of Directors/month**); and (ii) a variable component, consisting of stock options that grant the right to receive free ordinary shares within the Company, as stipulated in the SOP Plan.

According to the SOP, the members of the Board of Directors may acquire stock options for ordinary shares in the Company under the following conditions:

* To the extent that the IRR is higher than 7.5% by reference to the four calendar years period before the Measurement Date of the Performance Condition Relating to the Benefit at the End of the Implementation Period, the Company will grant to the members of the Board of Directors, pursuant to the SOP Plan, **15% (in total, which shall be divided equally between the members of the Board of Directors) of a variable number of ordinary shares** issued by the Company representing a percentage of the total number of ordinary shares in the Company’s share capital at the beginning of the last Reference Period within the Implementation Period (i.e., 1 January 2025), **determined by reference to the level of the IRR** recorded on the Measurement Date of the Performance Condition Relating to the Benefit at the End of the Implementation Period (“**Benefit at the** **End of the Implementation Period**”), as set out below (relative to the number of Shares in the company’s share capital as at 1 January 2022):

|  |  |  |  |
| --- | --- | --- | --- |
| No. | (A)  Number of shares | (B)  Determination percentage | (C)  IRR registered |
|  | 1,747,278 | 3% | 7.5% |
|  | 1,863,763 | 3.2% | 8% |
|  | 2,096,734 | 3.6% | 9% |
|  | 2,329,704 | 4% | 10% |
|  | 2,562,675 | 4.4% | 11% |
|  | 2,795,645 | 4.8% | 12% |
|  | 3,028,616 | 5.2% | 13% |
|  | 3,261,586 | 5.6% | 14% |
|  | 3,494,557 | 6% | 15% |

* The total number of ordinary shares issued by the Company that may be acquired by the members of the Board of Directors (reflected in column (A) above) will be updated on the Measurement Date of the Performance Condition Relating to the Benefit at the End of the Implementation Period by applying the determination percentage (reflected in column (B) above) to the total number of ordinary shares issued by the Company at the beginning of the last Reference Period of the Relevant Implementation Period. (*i.e.*, 1 January 2025).
* According to the SOP Plan:

IRR means the internal rate of return of the Company calculated according to the following formula:

  + -  = 0

where:

= market capitalisation of the Company as at the date this Plan comes into force;

n = pro rata number of years as of the date this Plan comes into force;

= net cash inflow in year “t” (dividends paid/reductions of share capital during the years 1-4)

= the Company Value as at the Measurement Date of the Performance Condition Relating to the Benefit at the End of the Relevant Implementation Period;

r = IRR

t = number of years.

The Board of Directors (subject to compliance with the provisions on the conflict of interest) may decide to **increase the number of Shares granted under the Benefit at the End of the Implementation Period by a further 10%, the number of Shares** that may be acquired in such case by Eligible Members of the Board being determined by applying a 15% per cent on the values below (by way of example, based on the number of Shares in the share capital of the Company on 1 January 2022):

|  |  |  |  |
| --- | --- | --- | --- |
| No. | (A)  Number of Shares | (B)  Determination percentage | (C)  IRR registered |
|  | 1,922,006 | 3.3% | 7.5% |
|  | 2,050,140 | 3.52% | 8% |
|  | 2,306,407 | 3.96% | 9% |
|  | 2,562,675 | 4.4% | 10% |
|  | 2,818,942 | 4.84% | 11% |
|  | 3,075,210 | 5.28% | 12% |
|  | 3,331,477 | 5.72% | 13% |
|  | 3,587,745 | 6.16% | 14% |
|  | 3,844,012 | 6.6% | 15% |

* ***Payment of remuneration to the members of the Board of Directors***

The fixed component will be paid in net equal monthly tranches amounting to RON 5,000. The variable component will be paid subject to the terms and conditions stipulated in the SOP Plan.

* ***Description of the General Manager’s remuneration***

The remuneration package of the General Manager consists of (i) a fixed component, the level of which is approved by the Board of Directors within the limits established by the OGMS (i.e., a **net amount between RON 7,000 and 15,000/month**); and (ii) if the General Manager also holds other positions within the Company remunerated under the SOP Plan (Eligible Employee, Eligible Initiator, Eligible Manager or Eligible Member of the Board), **a variable component consisting of stock options that grants the right to receive free ordinary shares within the Company, as stipulated in the SOP Plan**.

* ***Payment of the remuneration to the General Manager***

The fixed component will be paid in net equal monthly tranches between RON 7,000 and 15,000. The variable component will be paid subject to the terms and conditions stipulated in the SOP Plan.

**CHAPTER V. THE DURATION OF THE MANDATE OF THE MEMBERS OF THE BOARD OF DIRECTORS. TERMINATION CONDITIONS OF THE BOARD OF DIRECTORS MANDATE AGREEMENT**

Pursuant to the Articles of Association, the members of the Board of Directors are appointed for four (4)-year terms of, with the possibility of being re-elected for additional four (4) year terms. The General Manager is elected for four (4)-year terms by the Board of Directors.

The Board of Directors Mandate Agreement will terminate by operation of law, without notice and without any further formality being required, in any of the following cases:

* the member of the Board of Directors is removed from this position by the OGMS, as of the date of the revocation resolution;
* a liability claim is initiated against a member of the Board of Directors, as of the commencement of the liability claim;
* the mandate of the member of the Board of Directors reaches its term, as of the termination date of the mandate, except for the case when the member of the Board of Directors is appointed by the Board of Directors as temporary director, case in which the Board of Directors Mandate Agreement will terminate as of the date of his/her appointment or as of the appointment of another member of the Board of Directors for a new mandate;
* the member of the Board of Directors renounces the mandate, after the expiry of the 30-day notice following the registration of the renunciation notice at the Company’s headquarters.

The Board of the Directors Mandate Agreement may be terminated by both parties’ agreement under a written deed that will also lay down the date as of which the agreement terminates.

**CHAPTER VI. THE DURATION OF THE MANDATE HELD BY THE GENERAL MANAGER. TERMINATION CONDITIONS OF THE GENERAL MANAGER MANDATE AGREEMENT**

In accordance with the Articles of Association, the General Manager is elected for four (4) year terms by the Board of Directors.

The General Manager Mandate Agreement will terminate by operation of law, without notice and without any further formality being required, in any of the following cases:

* the General Manager is removed from this position by the Board of Directors, as of the date of the revocation resolution;
* the General Manager is removed from this position by the Board of Directors, as a consequence of a fraud conducted by the General Manager against the Company, case in which the revocation is effective as of the date the revocation resolution of the Board of Directors is received by the General Manager;
* a liability claim is initiated against the General Manager, as of the date the liability claim is registered with the competent court and is received by the General Manager;
* the Mandate reaches its term, as of the termination of the Mandate;
* the General Manager renounces the Mandate, after the expiry of the 90-day notice period after the registration of the renunciation notice at the Company’s headquarters;
* the General Manager renounces the Mandate as a consequence of a delay in the payment of the Fixed Remuneration by more than 6 months, as of the registration of the renunciation notice at the Company’s headquarters.

The General Manager Mandate Agreement may be terminated by the parties’ agreement under a written deed that will also lay down the termination date of the agreement.

**CHAPTER VII. AVOIDING THE CONFLICT OF INTERESTS**

This Policy is drafted based on the principle of avoiding the conflict of interest and includes measures to ensure professional and responsible conduct within the Company.

The members of the Board of Directors and the General Manager will act with the necessary diligence and conduct themselves in such a manner and with such ethics and integrity as to avoid a conflict of interest, real or apparent.

The remuneration level of the members of the Board of Directors is approved by the OGMS in strict accordance with the responsibilities and commitments related to the tasks, in accordance with the provisions of the General Manager Mandate Agreement.

**CHAPTER VII. EXCEPTIONS FROM THE POLICY**

In limited exceptional circumstances, remuneration not covered by this Policy may be agreed upon on a temporary basis, to serve the interests and overall long-term sustainability of the Company or to ensure its reliability.

Thus, performance criteria can be adjusted to reflect the then current strategy, performance periods can be shortened or extended depending on the Company’s strategic direction.

If the Company and the members of the Board of Directors agree on new remuneration conditions by amending the Management Agreement, by way of exception, the provisions of the Management Agreement will apply on the date of their entry into force, and the general meeting will update/amend this Policy accordingly.

Also, changes in relevant legislation may result in deviations from the Policy outside the Company’s control.

**CHAPTER VIII. TRANSPARENCY**

Once voted by the OGMS, the Policy will be available on the Company’s website, [www.holde.eu](http://www.holde.eu) together with the date and voting results, and will remain available to the public, free of charge, at least as long as it is effective.

A hard copy will be available upon request to the Company.

General Manager,

**HOLDE AGRI INVEST S.A.**

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