

## **REMUNERATION POLICY FOR THE BOARD OF THE DIRECTORS AND THE EXECUTIVE BOARD OF AGROMINO A/S**

### **1. PURPOSE AND REMUNERATION PRINCIPLES**

This remuneration policy describes the principles and framework for payment of remuneration to the Board of Directors and the Executive Board of Agromino AS ("Agromino" and/or the "Company"). The Board of Directors and the Executive Board comprise the persons registered with the Danish Business Authority as members of the management and/or as members of the Board of Directors of the Company.

It is the Company's policy to offer a competitive remuneration to the Board of Directors and the Executive Board in order to attract, motivate and retain qualified members of the Board of Directors and the Executive Board and to align the interests of the Board of Directors and the Executive Board with the interests of the shareholders as well as to promote and support the Company's short-term and long-term goals and strategies. The Company's remuneration of the management will consist of a fixed based salary and a cash-based bonus scheme. However, the Company will assess on an ongoing basis whether remuneration as variable salary shall be initiated in order to support the Company's long-term interest and business strategy, and it will likewise assess if the Board of Directors shall revise this remuneration policy in this respect.

The remuneration principles and framework described in this remuneration policy incorporate the rules set out in section 139 of the Danish Companies Act (selskabsloven), and the provisions of the Shareholders' Rights Directive 2017/828 of the European Parliament and of the Council of 17 May 2017.

The Company's overall strategy is to develop and strengthen its position in the agricultural market in the cereal farming, storing and trading in the Black Earth region of Ukraine, in production of milk in Russia and Ukraine and to take a leading place at the relevant markets. Hence the efficiency and effectiveness of the management should be measured based on the harvest and financial results, increase and maintenance of the land bank and increase of the efficiency of the milk farms of Agromino Group and as a consequence the improvement of the Company's financial results. The Company strives to achieve its strategical goals by implementing innovative technologies in crop production and milk farming, and by creating productive ground for the development and implementations of innovative approach(es) within the Company.

The Company shall abide by this remuneration policy in its activity and can deviate from this remuneration policy only in exceptional cases for the purposes that are necessary for the Company's long-term relation. In special cases where it is necessary in order to safeguard the Company's long-term interests, the Board of Directors may derogate from the upper limit for the payment of cash bonus to a member of the Executive Board, e.g. in connection with the hiring of new members of the Executive Board or in other special circumstances. In order to deviate from the remuneration policy on this point, a recommendation from the remuneration committee must be available, and the Board of Directors must approve the recommendation. Each case of deviation must be confirmed with solid evidence of its service to the Company's long-term strategy.

The remuneration policy must be reviewed and approved by the Company's general meeting.

### **2. OBJECTIVE**

The overall objectives of the remuneration policy are to:

- attract, motivate and retain qualified members of the Executive Board and Board of Directors,
- ensure alignment between the interests of the Board of Directors, the Executive Board, the Company and the shareholders; and
- help promote long-term value creation in the Company and thus support the Company's business strategy.

This remuneration policy - including especially the remuneration of the Executive Board - contributes to the Company's business strategy, long-term interest and sustainability in several ways. The performance criteria (KPIs) for the cash-based bonus scheme are closely aligned with the Company's strategies and interests. The Board of Directors will adjust the performance criteria (KPIs) annually in relation to changes in the Company's strategy or situation.

The remuneration policy also contributes to the Company's sustainability. Several of the performance criteria (KPIs) applied are related to the Company's impact on the climate and environment as others relate to the business development and innovation of the Company. Similarly, the Company's sustainability will also be a significant underlying factor to the evolution of the share price and thus providing a significant incentive for the Executive Board to focus on the Company's sustainability.

In order to align the variable remuneration to the members of the Executive Board with the Company's long-term interest, variable remuneration awarded or paid to the Executive Board under certain circumstances may be required to be fully or partially reduced or repaid. This may occur if the variable remuneration is awarded, earned or paid due to information that subsequently proves to be incorrect or similarly.

### **3. CONFLICT OF INTEREST**

The remuneration to the Executive Board is the key element of this remuneration policy, and thus the Executive Board has no decision-making power in relation to the remuneration policy. As the members of the Board of Directors receive a fixed remuneration, cf. section 2 below, and since the remuneration to the Board of Directors is approved at the Company's annual general meeting, it is the Company's assessment that there is a low risk of conflicts of interest.

#### **4. THE BOARD OF DIRECTORS**

##### **4.1 General**

The remuneration to the Board of Directors for each financial year is to be approved at the Annual General Meeting each year under a separate item on the agenda. The proposal for remuneration of the Board of Directors must be included in the notice convening the Annual General Meeting.

The Company shall endeavor that the remuneration paid to the Board of Directors is reasonably balanced if compared to the remuneration paid in other internationally listed companies of similar size operating in a similar field of business and geographical region.

The members of the Board of Directors are appointed to hold office for one (1) year and thus the election term expires at the annual general meeting one (1) year following the election. The members of the Board of Directors are eligible for re-election.

##### **4.2 Fixed annual remuneration**

Each member of the Board of Directors, including the Chairman, will receive a fixed annual fee.

The ratio between the amount of the remuneration to the members of the Board of Directors and the chairman of the Board of Directors will be proportionally, e.g. the Chairman's annual remuneration shall equal 1.5 times the remuneration of the Board of Directors remuneration. Additionally, and in extraordinary circumstances, discretionary remuneration of up to four times the fixed annual fee may be paid by the Company for ad hoc work.

##### **4.3 Incentive-based remuneration**

Board members are not covered by incentive programs and do not receive performance-based remuneration. In case of employee-elected members of the Board of Directors such members may, due to their employment, be covered by general incentive schemes applicable to employees of the Group, if any.

##### **4.4 Other incentives**

The Board members shall be entitled to additional allowance for the attendance of the entertainment and training events of up to 2 times the fixed annual remuneration.

#### **5. EXECUTIVE MANAGEMENT (EXECUTIVE BOARD)**

##### **5.1 General**

In order to attract and retain people with excellent managerial skills, the elements of the Executive Board's remuneration package are determined in consideration of its tasks and duties as well as value creation and terms of other international businesses are taken into account.

The Remuneration Committee of the Board of Directors shall make proposals for remuneration of the Executive Board, which will be subject to approval by the Board of Directors.

The remuneration level should be reasonably balanced if compared to the remuneration level in other internationally listed companies of similar size operating in a similar field of business and geographical region.

The executive board includes the CEO of the Company and the Executive Board members.

The remuneration package to the Executive Board may include a fixed salary, an annual cash bonus, long-term incentive schemes and other regular benefits. Each element of the remuneration package is ranked on the basis of the wish to ensure the positive development of the Company in the short and long run. The remuneration to the Executive Board shall be agreed in a separate management service agreement stipulating the general and special conditions of the engagement of an executive manager with the Company, as specified below.

The remuneration paid to members of the Executive Board consists of a fixed and a variable part.

##### **5.2 Executive Management engagement terms**

For the purpose of the retention of the managers with high level of proficiency, an executive management service agreement with members of the executive management shall be concluded for an indefinite period.

The Company may dismiss any member of the Executive Board at any time and the notice period must not exceed 3 months. The term of notice for members of the Executive Board shall be up to 4 months. Information on any extra terms of notice shall be included in the Company's annual report.

The total remuneration for the notice period, including any severance pay, may not exceed 6 months' remuneration (3 months' salary plus maximum of 3 months' severance pay), unless special circumstances apply. Information on any extra terms shall be included in the notes of the annual report.

### **5.3 Fixed remuneration**

The purpose of the fixed cash salary, pension contributions and other benefits is primarily to provide the individual member of the Executive Board with a predictable minimum remuneration in order to attract and retain members of the Executive Board with the desired competencies.

The fixed pay may consist of cash salary, pension contribution as well as other benefits and severance payment upon termination of engagement. The cash salary shall be defined upon the decision of the Board of Directors and stated in the applicable agreement with the members of the Executive Board. The fixed cash salary is expected to amount to between 60 and 95 % of the total remuneration depending on the achievement of the performance criteria (KPIs).

An employer-paid pension contribution may be provided which can amount to up to 25 % of the total remuneration.

The severance payment for members of the Executive Board shall not exceed 3 monthly salaries and shall be paid with the salary for the last month of engagement.

### **5.4. Variable (incentive based) remuneration**

The Board of Directors believes that the Company depends on high level management resources. The Board of Directors also believes that incentive pay to the Executive Management is decisive for the creation of an incentive for the management of the Company to ensure the Company's long-term value creation for the shareholders and the Company. Incentive pay to the members of the Executive Board will be established for the purpose of attracting, retaining and motivating the members of the Executive Board.

The extent to which a member of the Executive Board receives a variable part of remuneration or is included in any incentive programme or agreement(s) into which he or she may enter, will be dependent on whether the Board of Directors considers such steps appropriate in order to create shared interests between the Executive Board, the Company and the shareholders in respect of both short-term and long-term goals. Past and projected performance, motivation and loyalty, as well as the Company's situation and market development will be key factors for such determination by the Board of Directors.

Payment of variable remuneration to the Executive Board member or entering into specific agreement(s) concerning incentive programmes with members of the Executive Board is subject to these guidelines.

Members of the Executive Board may receive variable (incentive-based) remuneration consisting of a cash bonus.

#### Cash-based bonus

The cash bonus may correspond to no more than 50% of the fixed annual salary of each participating member of the Executive Board.

The cash-based bonus scheme consists of an annual allocation of cash bonus calculated on the fulfilment of the predetermined performance criteria (KPIs).

The performance criteria (KPIs) will be financial such as EBITDA-margin, net profit, cash-flow, return on invested capital, organic growth and share price etc. which also may be supplemented with non-financial key ratio such as crop yields, savings and improvements in predetermined areas, etc.

In specific situations, other bonus schemes may be established which may result in cash bonuses of up to 50% of the annual salary. Such schemes will typically be established so that they come into force following a special milestone or event, or as a one-time pay-out, such as in connection with a particularly positive result which is not included as a performance criterion (KPI). If a special bonus is allocated, the remuneration report will include a description of the basis of the allocation.

The purpose of the cash-based bonus scheme is to ensure the Executive Board's focus on the core – primarily short-term – performance criteria (KPIs) regarding the Company's strategy as well as rewarding satisfactory results in relation to the performance criteria (KPIs).

Determination of whether the performance criteria (KPIs) have been met will generally be based on the audited financial reports as regards the financial performance criteria (KPIs). As to non-financial performance criteria (KPIs), the fulfilment of such performance criteria (KPIs) will be validated based on an assessment conducted by the Board of Directors.

### **5.5. Staff benefits**

The members of the Executive Board are entitled to ordinary staff benefits including company car, mobile phone, etc. Other staff benefits may amount to up to 30 % of the total remuneration. The members of the Executive Board are also offered usual benefits such as health insurance, free telephone and internet subscription.

## **6. REMUNERATION OF MEMBERS OF THE EXECUTIVE BOARD RELATIVE TO THE EMPLOYEE'S SALARY**

The Company mainly employs people within the agriculture operations, which is reflected in the average employee's salary and employment terms. When establishing the framework for the remuneration of the Executive Board, it has been taken into consideration that the majority of the employees are conducting agriculture operations and that the Executive Board is handling other matters than the employees, including matters of managerial character.

## **7. REMUNERATION REPORT**

Starting from year 2020 the Company will prepare a remuneration report each year in connection with the Company's submission of the annual report (first one being the annual report for 2020). The report will contain information about the total remuneration which each individual member of the Board of Directors and the Executive Board receives from the Company and other companies in the group, as well as any associated companies in the past three years, including information about the most important details in the retention and severance schemes. The remuneration report will also contain further information set out by the applicable legislation.

## **8. REVISION OF THIS REMUNERATION POLICY**

The Board of Directors will decide on an ongoing basis if there is consistency between the remuneration to the Executive Board, the Company's short-term and long-term goals and the shareholders' interests, and the Board of Directors will – if deemed necessary or appropriate to revise this remuneration policy – prepare a revised remuneration policy and submit such a revised remuneration policy to the shareholders for consideration and approval at a general meeting.

Any material change to the remuneration policy shall be adopted by the shareholders at the general meeting in order to take effect. In any case, as a minimum, the remuneration policy shall be adopted by the shareholders at the general meeting every four years, cf. section 139, subsection 2 of the Danish Companies Act.

## **9. PUBLICATION AND APPROVAL**

Upon the approval of this remuneration policy, the policy will be published at the Company's website as soon as possible. As a consequence of the approval of this remuneration policy, the guidelines for the incentive pay approved by the general meeting held on 20 April 2017 shall no longer apply and be fully replaced by this remuneration policy.

The aggregated annual fees, the supplemental and additional annual fees granted are disclosed in the Annual Report and subsequently approved at the annual general meeting.

Approved by the annual general meeting held on 30.4.2020.