



ΚΛΩΣΤΟΨΦΑΝΤΟΥΡΓΙΑ  
ΝΑΥΠΑΚΤΟΥ Α.Β.Ε.Ε.

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**POLICY**

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**REMUNERATION**

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According to Article 110 of Law 4548/2018 (Article 9a of Directive 2007/36 / EC, Directive 2017/828 / EU)

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### 1. Introduction

It is established by NAFPAKTOS TEXTILE S.A. (hereinafter "Company"), following a relevant proposal of the competent Remuneration & Nomination Committee, remuneration policy (hereinafter "Policy") for the members of the Board of Directors and senior management, in accordance with the provisions of Article 110 of Law 4548/2018 " on Public Limited Companies" and Article 9a of Directive 2007/36 / EC, Directive 2017/828 / EU.

The purpose of this Policy is to describe in full transparency the remuneration policy of the members of the Board of Directors and the top executives of the Company, to ensure that the remuneration and benefits in general are commensurate with their duties and responsibilities. evaluating their performance and avoiding the Company's exposure to excessive risks.

In pursuit of maximizing the Company's value, the remuneration policy is in line with its business strategy and supports a performance-building culture that aligns the Company's goals with those of employees, management, shareholders - and motivates its members. Board and company executives to act for the benefit of the corporate interest.

The Board of Directors operates based on the current Internal Rules of Procedure and the other procedures of the Company. This Policy includes the provisions for the determination of the remuneration and other benefits of the members of the Board of Directors and the senior executives of the company, for the General Meeting of shareholders to reasonably decide on them.

### 2. General principles of Remuneration Policy

The company fully complies with the following principles in a manner and to an extent appropriate to its size, internal organization, nature, scope, and complexity of its activities:

- The Policy is consistent with and promotes the proper and effective management of risks and does not encourage the taking of risks that are not in line with the company profile.
- The Policy is in line with the business strategy, goals, values, and interests of the company and includes measures to avoid conflicts of interest.
- The company's Remuneration and Nomination Committee proposes the general principles of the remuneration policy, reviews them when required and submits the Policy for approval to the company's Board of Directors.
- The board of Directors of the company, during the exercise of its supervisory responsibility, approves the Policy and is responsible for its implementation.
- In case the remuneration is a function of performance, they are based on a combination of the evaluated performance of the person and the service unit with the overall results of the

company. Financial and non-financial criteria are considered when evaluating individual performance.

- In general, variable remuneration is limited.
- The fixed and variable components of total remuneration are determined in the appropriate proportion, with their fixed portion representing a sufficiently high percentage of total remuneration to enable the implementation of a fully flexible variable remuneration policy, including the possibility not to pay variable remuneration.
- The remuneration of the board of directors and senior executives, considering their duties and responsibilities, is not disproportionate to the average salary of employees in the company.
- The benefits associated with early termination of a contract reflect the long-term performance achieved in the past and are paid in a way that does not reward failure.

### 3. Remuneration - Benefits included

The Policy covers the total remuneration paid and relates to fixed, variable remuneration and compensation paid by the Company in the event of the employee leaving.

The fees include the provision of a company vehicle, mobile phone as well as the insurance policies of Group Life Insurance, Accident, Disability and Care that indiscriminately concern all the staff, while optional retirement benefits are not included.

Remuneration in the form of options and other allowances may be granted on the proposal of the Remuneration and Nomination Committee.

The Company may pay additional amounts of remuneration to each member of the Board of Directors or to any of its executives, to whom they are periodically assigned responsibilities beyond their usual duties and usually concern the handling of business affairs in the framework of strategic decisions. The specific remunerations are determined by a decision, in each case by a special meeting of the Board of Directors and its senior executives.

The company has set up a separate Remuneration & Nominations committee that will prepare proposals to the Board of Directors regarding the remuneration of the members of the Board of Directors and its senior executives.

### 4. Remuneration Structure

The total remuneration includes a fixed and variable part, to ensure the connection of the remuneration with the short-term and long-term operational efficiency:

- **Fixed Remuneration:** They are the regular income received by each member of the Board of Directors and senior executives.
- **Variable Remuneration:** Through them, the members of the Board of Directors and the senior executives and the employees are rewarded for their performance, based on specific criteria.

### 4.1 Fixed Salaries

The fixed salaries of the members of the Board of Directors and the senior executives constitute the significantly higher percentage of their total salaries and do not provide incentives for taking risks.

Fixed salaries are paid to a bank account through the Company's payroll service or through the accounting office in the case of remuneration-fees paid with a Service Provider.

#### 4.1.1 Fixed salaries of salaried members of the Board of Directors and senior executives.

The fixed monthly salaries of the executive members of the Board of Directors, who had entered a non-fixed employment contract, as employees of the company before joining the Board of Directors:

- They are a product of bilateral negotiation and agreement between them and the company,
- are commensurate with their studies, their general background, and the importance of their position in the labor market, as well as the functional requirements of their position,
- are directly related to the products and previous experience and reflect the educational level, experience, and responsibility,
- are directly related to their administrative, organizational, and managerial capacity, responsibility, initiative, their annual overall performance and their proven contribution to the overall operation and results of the company.

The aim is for the level of fixed salaries to be in the average market of a comparable sample, as reflected in the pay surveys. Any higher fees may be provided for specialized roles that are important for the operation and development of the Company or are cases of outstanding experience and performance.

Fixed wage increases are based on both market data for each position and performance.

The company upon retirement and departure of the specific members of the Board of Directors, usually pays them additional compensation in addition to what is provided by

applicable labor law. The additional amount of compensation due to retirement is determined on a case-by-case basis by a special decision of the board of directors.

### 4.1.2 Fixed salaries of the Chairman, Vice-Chairman, Chief Executive Officer and executive members of the Board of Directors, with a project contract or company's mandate, renewed annually.

The annual fixed salaries of the Chairman, Vice-Chairman, Chief Executive Officer, and executive members of the Board of Directors are interwoven with the total range of responsibilities they undertake, such as:

- the general management and organization of the company,
- the coordination of individual departments and senior executives to ensure their efficiency and the smooth operation of the company,
- the good organization of the work of the Board of Directors,
- making strategic decisions regarding the development of business strategies,
- defining risk management policies, risk assessment and implementation of measures and procedures for their effective management,
- the definition of budget targets as well as the proposal to set annual performance targets,
- the implementation of the objectives of the annual budgets.

Their total maximum annual fees are always pre-approved by the regular general meeting and are finally approved by a special decision of the next regular General Meeting, and do not differ significantly from year to year.

### 4.1.3 Fixed salaries of the independent non-executive members of the Board of Directors, annually renewed.

The remuneration of the independent non-executive members of the Board of Directors depends on their involvement as members of the company committees. The specific fees mainly concern the members of the Audit Committee and the Remuneration & Nominations Committee and are paid according to the meetings and the responsibilities of these committees.

The total maximum annual salaries of the members of the Audit Committee and the Remuneration & Nominations committee, are always pre-approved by the regular General Assembly and are finally approved by a special decision of the next regular General Assembly.

The non-executive members of the Board of the company when they are paid, receive only fixed salaries that are always pre-approved by the General Meeting of shareholders to avoid conflicts of interest.

### 4.2 Variable Remuneration

The Company rewards the performance of the executive members of the BoD and its top executives, based on its short-term and long-term results. The variable salaries are related to the performance of the individual, the unit / management in which he works and the Company itself. Achieving the goals at the above levels - person / unit - management / Company - is a key component of the Company culture, which is always oriented towards efficiency.

The amount of variable remuneration given depends on performance on several quantitative and qualitative criteria. These criteria integrate the medium and long-term strategy of the Company, aiming at the alignment of the interests of the employees, the Company and its shareholders and ensure the avoidance of excessive risks or the orientation to short-term benefit.

The variable salaries of the executive members of the Board of Directors can be paid either through the distribution of profits from the net profits of each year, or as extra remuneration through their payroll and are fully linked to the achievement of a sufficient positive result in each year.

To senior executives, variable salaries are paid as extra pay through their payroll, always intertwined and dependent on the size of the company's final annual positive result. In case of a loss-making result, no variable remuneration is paid to the members of the Board of Directors and to the senior management.

## 5. Annual Remuneration Report

According to article 112 of Law 4548/2018, the BoD of the company is obliged to prepare a clear and comprehensible earnings report, which contains a comprehensive overview of all earnings regulated in this policy for the last financial year and the data required at least by the above article 112 of Law 4548/2018, as this will be the case.

The report is prepared and submitted to the Board. the Remuneration & Nominations committee. The report also includes all types of allowances granted or due to persons whose earnings have been included in this remuneration policy during the last financial year, regardless of whether they are newly elected or former members of the Board.



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The earnings report for the last financial year shall be submitted to the ordinary general meeting for discussion, as the subject of the agenda. The shareholders' vote on the earnings report is advisory.

The earnings report will remain available on the website for more than a decade, provided that the earnings report no longer contains personal data for members of the Management Board within the meaning of Regulation (EU) 2016/676 of the European Parliament and of the Council (L 119/1).

### **6. Validity - Policy Modification**

The Policy as well as any substantial modification is submitted for approval to the Board of Directors of the Company and after a positive suggestion, enters into force and is posted on its website.