

*This is a translation into English of the original Danish text. In case of discrepancies between the two texts, the Danish text shall prevail.*

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

This remuneration policy has been prepared in accordance with sections 139 and 139a of the Danish Companies Act and describes the principles of and framework for the total remuneration paid to members of the Board of Directors and the Executive Board of Brødrene Hartmann A/S (the "Company"). The Executive Board means the members of the Executive Board of the Company registered with the Danish Business Authority as executive officers.

### **I OBJECTIVE AND ALIGNMENT WITH THE COMPANY'S GOALS**

The overall objective of this remuneration policy is to

- ensure the alignment of the Executive Boards' interests with the interests of the Company and of its shareholders;
- motivate, retain and attract executive management members with the professional and personal skills needed for successful operation of the Company;
- continuously maintain the Executive Board's motivation to meet the objectives set by the Board of Directors;
- contribute to promote the value creation in the Company and thus support the Company's business strategy; and
- contribute to supporting the Company's purpose and sustainability, including the Company's desire to run a proper and healthy business that creates well-being, a safe working environment, growth and development.

With the Company's opportunity to offer the Executive Board incentive pay, the remuneration policy contributes to realising the Company's overall objective of creating high, long-term value added for its shareholders as well as consistency between the Executive Board's interests and shareholders' interests in increased value creation and the Company's continued growth.

The fixed remuneration components are based primarily on the desire to ensure the Company's ability to attract and retain qualified members for the Board of Directors and Executive Board on competitive terms.

The above remuneration forms thus support the Company's business strategy, safeguard the Company's long-term interests and strengthen the Company's financial and non-financial sustainability.

### **2 DECISION PROCESS AND APPROACH TO CONFLICTS OF INTEREST**

The Board of Directors must continuously evaluate the remuneration of the management on the basis of recommendations from the Nomination- and Remuneration Committee (combined committee). When drawing up its recommendations, the Nomination- and Remuneration Committee uses other comparable enterprises as a guideline. The Board of Directors and the Nomination- and Remuneration Committee meet at least once a year, where the remuneration of the management is discussed.

The Board of Directors has the overall responsibility for the continuous revision of the remuneration policy and shall together with the Nomination- and Remuneration Committee ensure that there is always consistency between the remuneration policy, including its objectives, and the remuneration of the Company's management. If changes are needed, the Nomination- and Remuneration Committee will prepare a

draft revised remuneration policy for the Board of Directors' consideration and approval. The Board of Directors then decides whether the remuneration policy should be revised. If the Board of Directors approves the Nomination- and Remuneration Committee's draft revised remuneration policy, it will be submitted to the shareholders for consideration and final approval at the Company's general meeting.

The Board of Directors and the Nomination- and Remuneration Committee shall ensure that no conflicts of interest arise in the determination and revision of the remuneration policy. The Executive Board has no decision-making power in relation to the remuneration policy, as it is the remuneration of the Executive Board that constitutes the key element of the remuneration policy. The Nomination- and Remuneration Committee, however, may consult the Executive Board when revising the remuneration policy. No members of the Executive Board attend Nomination- and Remuneration Committee's meetings or board meetings when their own remuneration is discussed.

There is no risk of conflicts of interest in relation to the Board of Directors' work on the remuneration policy, as (i) the Board of Directors receives only a fixed remuneration, (ii) the total remuneration of the Board of Directors is approved by the Company's shareholders at the annual general meeting and (iii) any significant change in the remuneration policy must be approved by the Company's shareholders at the annual general meeting.

### **3 REMUNERATION TO THE BOARD OF DIRECTORS**

The members of the Board of Directors receive fixed annual remuneration, which is approved at the Company's annual general meeting every year for the current financial year. No board members are entitled to receive variable or incentive-based remuneration. The annual remuneration must be in accordance with market practice for comparable enterprises taking into account the required skills, efforts, the nature of the work and responsibility.

All ordinary board members receive the same annual base remuneration, while the Chairman receives 3 times the fixed annual base remuneration and the Deputy Chairman 1½ times the fixed annual base remuneration.

Board members may receive a separate fee for participating in committees, including ad hoc committees. Such fees must be determined by the Board of Directors after considering the precise scope and workload of such committee work and must also be approved by the annual general meeting.

The separate fee for participation in the Audit Committee as an ordinary member may amount to up to ½ times the annual base remuneration. The separate fee for the Chairman of the Audit Committee may amount to up to 1½ times the annual base remuneration.

No remuneration is paid to the members of the Nomination- and Remuneration Committee for their work with this committee.

Board members who are assigned special ad hoc duties may receive a separate fee for this, which is determined by the Board of Directors.

The Board of Directors membership runs for one year at a time, with the members being elected annually at the Company's annual general meeting. There are no special terms of notice, including allowance in connection with withdrawal from the Board. There are no special retention and retirement benefit schemes for board members. The Board of Directors is not covered by a pension scheme.

Expenses such as travel and accommodation in connection with board meetings and relevant training may be reimbursed by the Company.

## 4 REMUNERATION TO THE EXECUTIVE BOARD

The Board of Directors believes that the Company depends on high-level managerial resources. A combination of fixed and performance-related remuneration of the Executive Board helps ensure that the Company can attract and retain a competent and value-creating Executive Board, and the incentive-based remuneration encourages the Executive Board to value creation for the benefit of the shareholders.

A competitive remuneration package is one of the key elements in enabling the Group to attract, motivate and retain the required profiles to execute and fulfill the Board of Directors' wishes.

The Board of Directors considers and decides the Executive Board's remuneration based on proposals from the Nomination- and Remuneration Committee. The Executive Board's remuneration is considered once a year and benchmarked against remuneration in comparable enterprises. The remuneration is determined by the Board of Directors based on the Company's financial position and each Executive Board member's qualifications, efforts and performance.

The remuneration of the Executive Board is determined based on a comparison between the Executive Board's remuneration and salaries and terms of employment for executive and other employees of the Company. The guidelines for the remuneration of the Executive Board are set proportionally according to the responsibilities of each Executive Board member's duties and within the framework of this remuneration policy. When setting the framework for the remuneration policy, the Board of Directors has taken into account that the ratio between the total remuneration of the Executive Board and other employees, respectively, must not deviate significantly from the market ratio in other comparable enterprises.

The remuneration package for the Executive Board consists of a fixed base salary (see section 4.1) and a yearly short-term bonus (see section 4.2.2). Additionally, the Board of Directors has the possibility to offer members of the Executive Board to participate in long-term incentive programmes (see section 4.2.3) and, in special cases, to grant extraordinary bonus to a member of the Executive Board (see section 4.2.4). The Executive Board may also receive usual non-monetary benefits such as a broadband connection at home, mobile telephone etc. Members of the Executive Board may additionally be offered other non-monetary benefits, including a company car by further agreement. The value of such other benefits may be equal to maximum 10% of the Executive Board member's fixed annual salary. Expenses incurred by the Executive Board in connection with travelling, conferences, education etc. will be reimbursed by the Company.

The members of the Executive Board are covered by the Company's pension and insurance scheme. The Executive Board is not covered by a payment-based pension scheme. There are no supplementary pension schemes or early retirement schemes in the Executive Board's remuneration package. An Executive Board member may choose not to be covered by the Company's pension scheme and instead receive a gross salary, which contains an amount corresponding to the Company's contribution to the pension scheme. The original base salary is used as the basis for calculating maximum bonus amounts, etc. (see sections 4, 4.2.2, 4.2.3 and 4.2.4).

### 4.1 Fixed remuneration

Members of the Executive Board receive fixed annual remuneration (base salary).

The fixed remuneration is reconsidered annually and determined by individual negotiation. The fixed annual remuneration must be market-consistent and determined on the basis of the Executive Board member's competencies, performance and experience, the scope of work and the responsibility associated with the position of each Executive Board member. Finally, a comparison is also made with the rate of pay rise for executives and other employees in the Company.

## 4.2 Variable remuneration

### 4.2.1 Variable remuneration KPIs

The variable remuneration components of the Executive Board are primarily intended to ensure alignment between the interests of the Executive Board and shareholders and to support the utmost value creation in the Company in the short and long term.

The assessment of whether a member of the Executive Board is to be covered by an incentive programme, including which agreement(s) to be specifically concluded, will depend on whether the Board of Directors finds this appropriate primarily with regard to creating alignment between the Executive Boards' interests with the interests of the shareholders and in order to take into account both short-term and long-term objectives. In addition, the Executive Board's performance so far and its expected performance, the regard for motivation and loyalty as well as the Company's situation and development can also be relevant factors.

The variable remuneration components are determined on the basis of a number of predetermined key performance indicators (KPIs), which must be met by the Executive Board in the short and long term in order for the Executive Board to receive the variable remuneration. The KPIs associated with the Company's bonus and incentive programmes may, depending on the circumstances, vary and change year by year.

When determining KPIs, the Board of Directors must primarily have the Company's strategy in view, including the long-term value creation and set targets. The KPIs must constitute specific criteria in the short and long term, e.g. as turnover, profit from operating activities, return on invested capital, changes in working capital and other similar KPI's relevant to the Company. Moreover, non-financial KPIs - such as achieving CSR goals, customer satisfaction and employee satisfaction goals, and compliance with internal guidelines and business processes - may be used as a basis for granting variable remuneration.

The KPIs which may be included in the individual bonus and incentive programmes thus support the realisation of the Company's business strategy, long-term interests and financial and non-financial sustainability.

The specific targets for the Executive Board are determined by the Nomination- and Remuneration Committee following prior discussions with the Board of Directors and consultation with the Executive Board.

Vesting will be based on the fulfillment of one or more of the determined KPI's and may take place proportionately based on the performance of the individual KPIs. The determination of whether the KPIs are met will generally be based on the audited financial statements in relation to the financial KPIs. For the non-financial KPIs (which should be measurable as far as possible), their performance will be based on other validated calculation methods.

### 4.2.2 Short-term cash bonus plans

A short-term cash bonus plan can consist of an annual bonus which the individual member of the Executive Board may receive if specific short-term targets based on attainment of financial targets or personal targets set for the year in question are met.

The annual bonus payments are subject to objectives (targets) being met in full or in part.

The short-term cash bonus may be equal to maximum 50% of each participating member of the Executive Board's fixed annual salary.

#### 4.2.3 Long-term cash bonus plans

A long-term cash bonus plan can be initiated in respect of specific targets determined over a period of minimum three future financial years. A long-term cash bonus can also consist of a bonus calculated as a share of a specific net profit.

The long-term cash bonus may be equal to maximum 50% of each participating member of the Executive Board's average fixed annual salary multiplied by the duration of the scheme (number of years).

#### 4.2.4 Extraordinary bonus

In special cases, the Board of Directors may at its own discretion award an Executive Board member extraordinary incentive-based cash remuneration such as an extraordinary cash bonus, sign-on bonus or other extraordinary forms of remuneration. The value of such extraordinary remuneration shall not exceed 100% of the fixed annual base salary at the time of granting the extraordinary bonus.

#### 4.2.5 Share-based schemes

The Company does not use share-based remuneration or share-based incentive schemes.

#### 4.2.6 Variable remuneration – adjustments and changes

The Board of Directors may lay down specific provisions regarding (i) the termination of incentive schemes, including in connection with the resignation of a member of the Executive Board, (ii) relevant adjustments to incentive pay in connection with full or partial take-over, significant divestment, demerger or merger etc., and (iii) adjustment of performance targets, etc. in the event of changes in the capital structure, significant dividend distributions or other significant events that might otherwise unintentionally affect the value or effect of the incentive pay.

#### 4.2.7 Repayment of variable remuneration (claw-back)

In special circumstances, the Company may reclaim the variable remuneration, in whole or in part from the relevant Executive Board member(s) (claw-back), if the variable remuneration has been granted, earned or paid on an incorrect or inaccurate data basis, or if the recipient was in bad faith in respect of circumstances which have resulted in the granting, earning or payment of an excessive variable remuneration.

### 4.3 Terms of notice and severance pay

The Company may enter into agreements giving the possibility to terminate the employment of a member of the Executive Board with up to 18 months' notice. The notice of termination by the members of the Executive Board to the Company cannot exceed 12 months.

The specific terms of termination and resignation of the members of the Executive Board are determined on an individual basis by the Board of Directors.

If any change of control takes place in the Company and the assignee fulfils one or several of the issues laid down in section 44(2) and (3) of the Danish Capital Markets Act, the Company's notice of termination will be extended to maximum 24 months with effect from the date when the shares are sold. The extended notice applies for up to 18 months after the transfer.

No severance pay is granted in connection with termination.

## 5 AMENDMENTS

This remuneration policy contains an update to the version of the policy which was adopted at the Company's annual general meeting on 21 April 2020.

The update involves an adjustment to the provision in section 4.2.7 on repayment of variable remuneration (claw-back) in accordance with section 4.1.6 of the Corporate Governance Recommendations of 2 December 2020.

The scope of the above recommendation on "claw-back" has been extended, as it - in addition to paid remuneration - now also includes granted or earned remuneration, which subsequently turns out to be based on an erroneous basis. The company's possibility to make a claim for repayment has also been extended, since such claim can now also be made to the extent the recipient has been in bad faith in respect of circumstances that led to granting, earning or payment of an excessive variable remuneration.

The provision in section 4.2.7 reflects the above changes.

## 6 ADOPTION AND PUBLICATION

The policy must be submitted for adoption at the annual general meeting every four years and in case of any significant amendments to the policy. This policy was adopted at the Company's annual general meeting on 26 April 2022 and is available on Brødrene Hartmann A/S' website ([www.hartmann-packaging.com](http://www.hartmann-packaging.com)).