

Remuneration Report 2022

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This remuneration report provides an overview of the total remuneration received by each member of the board of directors and of the executive board of Hartmann in 2022 with comparative figures for 2019, 2020 and 2021. The remuneration report has been prepared in accordance with section 139b of the Danish Companies Act and Hartmann's remuneration policy, which was adopted at the general meeting on 26 April 2022 and is available at www.hartmann-packaging.com.

The overall objective of the 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 board 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.

The information in this remuneration report has been derived mainly from the audited annual reports for 2022, 2021, 2020 and 2019, which are available at www.hartmann-packaging.com.

The remuneration report for 2021 was presented at the company's general meeting on 26 April 2022 and approved without comments.

Overview of Hartmann's financial performance in 2022

Hartmann increased revenue to DKK 3,350 million (2021: DKK 2,666 million) and secured operating profit* of DKK 252 million (2021: DKK 251 million), corresponding to a profit margin of 7.5% (2021: 9.5%) despite challenging market conditions.

Investments including acquisitions stood at DKK 186 million (2021: DKK 527 million).

The financial figures in this report represent Hartmann's continuing operations as actual and comparative figures have been restated to exclude the group's discontinuing activities in Russia.

Due to fulfillment of Hartmann's initial 2022 revenue target of DKK 2.9-3.2 billion, and partial fulfillment of the initial profit margin target of 5-8%, cash bonus to the executive board is paid based on 92% target fulfillment for 2022 (2021: 17%).

Development in financial results 2019-2022

	2022	Change	2021	Change	2020	Change	2019
Group							
Revenue, DKKm	3,350	26%	2,666	4%	2,567	9%	2,356
Profit margin, %*	7.5	-2.0%-pt.	9.5	-8.0%-pt.	17.5	6.4%-pt.	11.1
Parent company							
Revenue, DKKm	1,910	10%	1,742	3%	1,697	24%	1,373
Profit margin, %*	1.4	0.4%-pt.	1.0	-0.5%-pt.	1.5	1%-pt.	0.5

* Operating profit and profit margin are stated before special items and restatement for hyperinflation (IAS 29), cf. the Annual report 2022.

Remuneration to the board of directors

The annual remuneration to the board of directors must be in accordance with market practice for comparable enterprises taking into account the required skills, efforts, the nature of the work and responsibility.

Remuneration to the board of directors consists of a fixed fee, which is approved at Hartmann's ordinary general meeting. Each ordinary board member

receives an annual base remuneration of DKK 250,000 (2021: DKK 250,000). The deputy chairman receives 1.5 times the fixed annual base remuneration and the chairman 3 times the fixed annual base remuneration. The fee is paid quarterly in arrears based on the most recently approved annual fee.

In addition, participation in the audit committee is a separate fixed fee, which is also approved by the

company's ordinary general meeting. Each ordinary members receive an annual fee of DKK 125,000 (2021: DKK 125,000). The chairman receives DKK 375,000 (2021: DKK 375,000) corresponding to 1.5 times the base fee. The fee is paid quarterly in arrears based on the most recently approved annual fee. No remuneration is paid to the members of the nomination and remuneration committee.

Board members who are assigned special ad hoc duties may receive a separate fee for this, but this option was not used in 2022. The Board of directors is not covered by a pension scheme and does not receive incentive pay or other benefits.

The remuneration for 2022 was approved by the general meeting on 26 April 2022.

Annual fees and remuneration to board members

DKK thousand	Memberships			Annual fee ¹				Annual fee changes			Actual remuneration 2022		
	Board	Audit committee	Nom/Rem committee	Board	Audit committee	Nom/Rem committee	Total	2022	2021	2020	Board	Audit committee	Total
Jan Klarskov Henriksen	Chairman		Chairman	750		0	750	0%	11%	200% ²	750	-	750
Michael Strange Midskov	Deputy chairman ³			375			375	-	-	-	281	-	281
Pernille Fabricius	Member ³	Chairman ³	Member ³	250	375	0	625	-	-	-	188	281	469
Jan Madsen	Member	Member		250	125		375	0%	11%	0%	250	125	375
Palle Skade Andersen ⁴	Member			250			250	0%	11%	0%	250	-	250
Klaus Bysted Jensen ⁴	Member ³			250			250	-	-	-	188	-	188
Members until April 2022													
Steen Parsholt	Deputy chairman	Chairman		375	375		750	0%	11%	0%	125	125	250
Marianne Schelde	Member	Member		250	125		375	0%	11%	0%	83	42	125
Danny Fleischer ⁴	Member			250			250	0%	11%	-	83	-	83
Total remuneration				-	-	-	-	-	-	-	2,198	573	2,771

¹ Annual fees cover the board year from April to March.

² Jan Klarskov Henriksen was elected chairman of the board in 2020 from a position as ordinary member in 2019.

³ From April 2022.

⁴ Employee representative.

Remuneration to the executive board

To attract and retain relevant management competencies, the elements of the executive board's remuneration have been determined in consideration of its work assignments and value creation as well as conditions in other comparable Danish listed companies. The remuneration package for the executive board consists of a fixed base salary, pension, short-term cash bonus as well as other usual fringe benefits. Each remuneration element is ranked on the basis of the desire to ensure Hartmann's continued positive development in both the short and the long term.

In 2022, the remuneration paid to the members of the executive board was based on:

- Fixed salary is 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.
- Pension is provided as a defined contribution plan and comprises up to 10% of the fixed salary.

- Other benefits include fringe benefits such as company car, internet connection at home, mobile phone, newspapers, and health insurance.
- Short-term cash bonus has been granted individually based on the level of achievement of specific financial and personal targets for the year and may be equal to a maximum of 50% of each participating member of the executive board's fixed annual salary with a maximum of 45% for Flemming Steen.

In 2022, the variable remuneration was comprised solely of the aforementioned annual cash bonus plan. In due time, the board may make use of the remuneration policy's option to use both annual and multi-annual bonus components for the executive board to strengthen the alignment between total remuneration and the objective of generating high, long-term value creation. In 2022, the total remuneration of the executive board was compliant with the approved remuneration policy.

Remuneration to individual executive board members 2022

DKK thousand	Position	Fixed remuneration			Variable remuneration			Fixed share	Variable share
		Salary	Pension	Other benefits	Short bonus	Long bonus	Total		
Torben Rosenkrantz-Theil	CEO	4,381	438	190	2,013	0	7,022	71%	29%
Flemming Lorents Steen	CFO	3,284	11	252	1,358	0	4,905	72%	28%
Total remuneration		7,665	449	442	3,371	0	11,927	72%	28%

Break-down of short-term cash bonus 2022

DKK thousand	Position	KPI	KPI weight	Max bonus	Realised bonus	Achievement
Torben Rosenkrantz-Theil	CEO	Revenue	40%	876	876	100%
		Profit margin	60%	1,315	1,137	86%
Total				2,191	2,013	92%
Flemming Lorents Steen	CFO	Revenue	40%	591	591	100%
		Profit margin	60%	887	767	86%
Total				1,478	1,358	92%

Remuneration to the executive board – continued

The short-term cash bonus for individual members of the executive board is based on achievement of specific targets for Hartmann's revenue and profit margin before special items and restatement for hyper-inflation.

In 2022, realised revenue for the year of DKK 3,350 million exceeded the initial target revenue of DKK 2.9-3.2 billion and realised profit margin of 7.5% was within the initial target range of 5-8%.

Terms of notice and severance pay

Hartmann may terminate the executive service agreements of the members of Hartmann's executive board at 12 months' notice. In the event of a change of ownership of a controlling interest in the company, their notice of termination will be extended to 18 months effective from the date of transfer of control. The extended notice will apply for a period of 18 months after the transfer. No agreements have been entered into for the payment of severance pay in connection with

resignation. However, agreements have been entered into on the payment of early retirement pay in the event of death during the current month's employment and up to 6 months' remuneration to the executive board member's spouse or cohabitant, or in the alternative children under 18 years of age.

In special circumstances, Hartmann may fully or partially reclaim reimbursement of variable remuneration (claw-back) from the relevant member(s)

of the executive board, 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. This has not been relevant in the 2019-2022 period.

Development in remuneration and salary 2019-2022

DKK thousand	2022	Change	2021	Change	2020	Change	2019
Executive board							
Torben Rosenkrantz-Theil	7,022	33%	5,278	-13%	6,075	7%	5,701
Flemming Steen	4,905	32%	3,717	-20%	4,621	5%	4,402
Employees average salary							
Hartmann's employees, parent company (FTE)	547	5%	522	-1%	526	5%	499

Statement of the board of directors

The board of directors today considered and approved the remuneration report of Brødrene Hartmann A/S for the financial year ended 31 December 2022.

The remuneration report has been prepared in accordance with section 139b of the Danish Companies Act.

In our opinion, the remuneration report complies with the company's remuneration policy, which has been approved by the shareholders at the company's general meeting on 26 April 2022, and is free of material misstatement and deficiencies, whether due to fraud or error.

The remuneration report is submitted for an indicative vote at the company's general meeting.

Gentofte, 7 March 2023

Board of directors

Jan Klarskov Henriksen
Chairman

Jan Madsen

Palle Skade Andersen

Michael Strange Midskov
Deputy chairman

Pernille Fabricius

Klaus Bysted Jensen

Independent auditor's statement

To the shareholders of Brødrene Hartmann A/S

As agreed with the Company's Board of Directors, we have examined that the Remuneration Report for Brødrene Hartmann A/S for the financial year 2022 includes the disclosures required by section 139 b(3) of the Danish Companies Act.

The degree of assurance we express in this report is reasonable.

Board of Directors' responsibilities for the Remuneration Report

The Board of Directors is responsible for the preparation of the Remuneration Report in accordance with section 139 b(3) of the Danish Companies Act and the Remuneration Policy dated 26 April 2022 as adopted by the Annual General Meeting.

The Board of Directors is also responsible for such internal control that the Board of Directors determines is necessary to enable the preparation of the Remuneration Report that is free from

material misstatement, whether due to fraud or error.

Auditor's independence and quality control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, as well as ethical requirements applicable in Denmark.

EY Godkendt Revisionspartnerselskab is subject to the International Standard on Quality Control (ISQC) 1 and thus uses a comprehensive quality control system, documented policies and procedures regarding compliance with ethical requirements, professional standards, applicable requirements in Danish law and other regulations.

Auditor's responsibilities

Our responsibility is to express a conclusion on Remuneration Report based on our examinations. We conducted our examinations in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and additional requirements under Danish audit legislation to obtain reasonable assurance for purposes of our conclusion.

As part of our examinations, we performed the below procedures:

- We have verified that the Remuneration Report includes the information on remuneration for each individual member of the Board of Directors and Executive Board as required by section 139 b(3), item 1-6 of the Danish Companies Act.

In our opinion, the examinations performed provide a sufficient basis for our opinion.

Conclusion

In our opinion, the Remuneration Report, in all material respects, includes the disclosures required by section 139 b(3) of the Danish Companies Act.

Copenhagen, 7 March 2023

EY Godkendt Revisionspartnerselskab
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