

# Hellenic Petroleum S.A.

## REMUNERATION POLICY OF THE MEMBERS OF THE BOARD OF DIRECTORS

As approved by the Extraordinary General Meeting of Shareholders of

[20/12/2019]

|                                 |                |
|---------------------------------|----------------|
| <b>DATE OF ENTRY INTO FORCE</b> | <b>VERSION</b> |
| [20/12/2019]                    | 1              |

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| <b>AUTHOR</b>   | <b>APPROVAL</b>  |
| REMUNERATION & SUCCESSION<br>PLANNING COMMITTEE OF<br>HELLENIC PETROLEUM S.A. | GENERAL MEETING OF<br>SHAREHOLDERS OF HELLENIC<br>PETROLEUM S.A. |

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## Contents

|  |    |
|--|----|
| 1. Introduction .....  | 3  |
| 2. Key goals .....   | 3  |
| 3. The role of the Remuneration & Succession Planning Committee in relation to the Remuneration Policy ..... | 4  |
| 4. Scope .....   | 5  |
| 5. Remuneration components .....   | 5  |
| 5.1 Remuneration of the members of the Board of Directors due to their capacity as BoD members .....         | 5  |
| 5.2 Additional benefits .....  | 6  |
| 5.3 Remuneration of executive members of the Board of Directors by virtue of an employment contract.....     | 7  |
| 5.4 Remuneration of employee representatives participating in the Board of Directors .....                   | 7  |
| 6. Procedure of approval and review of the Remuneration Policy.....  | 7  |
| 7. Remuneration Policy derogations .....   | 8  |
| 8. Publicity of the Remuneration Policy .....  | 8  |
| 9. Previous agreements .....   | 8  |
| 10. Remuneration Policy implementation monitoring.....   | 8  |
| 11. Amendments Table .....   | 8  |
| ANNEX A .....  | 9  |
| ANNEX B .....  | 10 |

## 1. Introduction

The present Remuneration Policy of the Members of the Board of Directors (hereinafter, the “Policy”) was drafted by the competent Remuneration & Succession Planning Committee of the Board of Directors of the company under the trade name “Hellenic Petroleum S.A.” (hereinafter, the “Company”), parent company of the group of undertakings under the name “HELLENIC PETROLEUM” (hereinafter, the “Group”), pursuant to the Directive (EU) 2017/828 of the European Parliament and Council of the 17<sup>th</sup> of May 2017 regarding the rights of shareholders, which was transposed into Greek law through Law 4548/2018 and especially under article 110.

Initially, the Policy has been approved by virtue of the Board of Directors’ resolution No. 1357 dated 29/11/2019 and then it was brought for approval by the General Meeting of the Shareholders. Finally, the Policy has been approved by the Extraordinary General Meeting of the Shareholders of [20/12/2019] and is valid for four (4) years upon its approval (hereinafter, «Period of Validity»), unless it is revised and/or amended earlier by virtue of another resolution of the General Meeting (hereinafter “G.M.”) due to material change in the circumstances on the basis of which the Policy was drafted.

The Policy takes into consideration the relevant best practices for listed companies, the provisions of the Company’s Articles of Association and the Company’s Corporate Governance Code and reflects also the existing agreements in relation to the remunerations of the members of the Board of Directors (hereinafter, “BoD”).

In specific, the Policy sets out in detail:

- (i) the existing rights of the members of the BoD and the Company’s obligations towards them and
- (ii) the terms, under which remuneration will be provided to the existing and/or new members of the BoD during the term of the policy.

Furthermore, the remuneration and employment conditions of the totality of the employees of the Company and the Group were taken into consideration when establishing this Policy.

The Policy is available at the Company’s website ([www.helpe.gr](http://www.helpe.gr)).

## 2. Key goals

The BoD is the supreme corporate body for defining, implementing and monitoring the Company’s strategy on behalf of the shareholders. In this context, the appropriate remuneration framework of the members of the BoD and specific members, who hold specific positions or are charged with specific duties, constitutes a significant factor in fulfilling the Company’s goals.

In addition, this Policy aims to define the remuneration framework in order to achieve compliance with the provisions of the existing legal framework and to enhance

transparency in the determination and payment of remuneration to the members of the BoD in a clear and understandable way.

In specific, the Policy:

- Defines the competent bodies involved in the process of determining, implementing and monitoring this Policy;
- Illustrates the remuneration structure of the members of the BoD;
- Works as a reference for determining proposals regarding the remuneration of the members of the BoD and
- Establishes basic guidelines regarding the management and payment of remuneration to the members of the BoD as well as the way under which these guidelines are shaped.

### **3. The role of the Remuneration & Succession Planning Committee in relation to the Remuneration Policy**

The key factors for the determination of remuneration of the members of the BoD (compensations and benefits) are transparency and objectivity contributing to the Company's successful path, while promoting and maintaining its long term value. The Remuneration & Succession Planning Committee (hereinafter the "Committee") is assigned with the determination and supervision of the proper adherence to this process.

The Committee in its current form consists of three members and its composition is formed as provided in the Company's Corporate Governance Code. The Committee is informed and supported by the executives of the competent departments (e.g. human resources, legal services, finance) as well as has the opportunity to refer to qualified external associates and consultants whenever necessary.

Committee's duties with respect to this Policy are as follows (it is noted that the Committee is also responsible for matters related to the Human Resources, which do not fall within the scope of this Policy, e.g. succession plan, performance evaluation):

- Proposes to the Chairman of the BoD:
  - the principles and arrangements for the payment of remuneration to the members of the BoD;
  - the criteria (e.g. in comparison with specific companies based on the size, type of the company etc.) that should be taken into consideration in determining the amount of remuneration of the members of the BoD;
  - the total amount of remuneration of the members of the BoD for their participation in BoD meetings as well as their participation in BoD Committees;
  - any benefits that are within the context of the Company's policies for directors or/and Company's employees and apply to the members of the BoD;

- Proposes to the BoD and this in turn to the G.M., the total remuneration of the Chairman of the BoD, who is a non-executive member, and the Chief Executive Officer in cases where:
  - their remunerations differ from those of the other members of the BoD; and
  - to the extent that this differentiation does not result from any pre-existing contracts and it is not determined by the Company's relevant employee remuneration policy.

#### 4. Scope

The Policy applies to members of the BoD according to the provisions of article 110 par. 1 and article 111 of L. 4548/2018.

#### 5. Remuneration components

This Policy includes any kind of remuneration, namely, fixed or variable compensation and benefits that may be paid to the individuals who fall within its scope. More specifically:

##### 5.1 Remuneration of the members of the Board of Directors due to their capacity as BoD members

Remuneration that can be paid to the executive and non-executive members by virtue of the Policy are depicted briefly in the following table:

|                              | <i>Compensation Components</i>                      |                                     | <i>Additional benefits</i> |
|------------------------------|---|-------------------------------------|----------------------------|
|                              | <i>Annual fixed compensation of a Member of BoD</i> | <i>Compensation per BoD Meeting</i> | <i>Other benefits</i>      |
| <i>Executive members</i>     | ✓   | ✓                                   | ✓                          |
| <i>Non-executive members</i> | ✓   | ✓                                   | ✓                          |

The fixed remuneration is determined according to the provisions of article 109 par. 1 of L.4548/2018 on the remuneration of the members of the BoD, as an annual fixed fee paid on a monthly basis. In addition, compensations are paid per BoD meeting. These remunerations aim to be aligned, to the extent possible, with market rates for BoD members of Greek listed companies and adapted to the nature and the particularities of the Company.

In addition, according to the applicable legal framework, the Corporate Governance rules, the size and the Company's particularities, there should be several Committees dealing with specific issues.

These Committees and their members are designated by the G.M., where provided, such as the Audit Committee, while in other cases they are designated by the BoD depending on the items that are assessed as significant due to their financial size, object or strategy. In these cases, the BoD defines the purpose of the Committee, the members, their competences and liabilities as a result of their participation in the respective Committees. The compensation of the members who participate in these Committees has the same structure as that for the participation in the BoD (fixed and per meeting), as set out in Annex A. The compensation for the participation in the Committees is the same regardless of whether the member is executive or non-executive, whilst no other benefits are provided.

The remuneration of the Chairman of the BoD, apart from the compensation that he receives in his capacity as a BoD member as described above, is provided for in the contract, which is entered into with the Company and approved by the G.M. pursuant to article 109 par. 1 of L.4548/2018, following the Committee's proposal, which is in line with market terms for corresponding positions. In any case, it will not exceed the amount of the fixed remuneration of the first tier (Tier 1) of the executives holding managerial position as proposed by the Committee and approved by the BoD.

The gross remuneration (before taxes and other deductions) of members of the BoD, as approved at the last G.M. of the Company on 07/06/2019, is depicted in the table attached as Annex A in this Policy.

It is also noted that the members of the BoD may receive remuneration consisting in participating in the fiscal year's profits.

## 5.2 Additional benefits

In addition to the above, the following additional benefits may be granted to the members of the BoD:

- Fuel card (EKO CARD) for travel expenses with monthly consumption up to 100 liters.
- Invitation for the corporate events of the Group.
- Participation in conferences and workshops organized in Greece sponsored by a company of the Group.
- Participation in educational programs concerning Company's business activities or the improvement of BoD's operation.
- Participation in some of the employee benefits available to executives holding managerial position.

It is noted that expenses required for the proper performance of the duties of the members of the BoD, such as travel expenses in cases where the BoD meeting takes place in a location other than the Company's headquarters, or training expenses approved according to the Company's procedures, do not constitute a part of the remuneration and thus these expenses do not fall within the scope of this Policy.

### **5.3 Remuneration of executive members of the Board of Directors by virtue of an employment contract**

In addition to the above compensations, the executive members, who have an employment contract in place with the Company and/or other companies of the Group, are paid the envisaged remuneration (e.g. fixed, variable, benefits, participation in group health and life insurance plans, pension plans) that is shaped by taking into consideration the parameters depicted in Annex B on the structure of the overall remuneration level of the Company's executives holding managerial position.

The amount of any variable remuneration is directly related to the accomplishment of corporate and personal goals and is calculated as a percentage of the annual gross regular remuneration depending on the executives' position in the Company's hierarchy as described in Annex B.

These remunerations have been already set in accordance with the decisions of the competent bodies and the employee remuneration policies of the Company, which aim at attracting, developing and maintaining the appropriate executives and are determined in relation to the general levels of remuneration of both the Group and the Greek market, considering the nature of the tasks and the Company's size.

### **5.4 Remuneration of employee representatives participating in the Board of Directors**

For employee representatives who have an employment contract in place with the Company and participate in the current composition of the BoD, the provisions of the Company's Corporate Collective Labor Agreement (CCLA) apply.

## **6. Procedure of approval and review of the Remuneration Policy**

According to article 110 par. 2 of the L.4548/2018, the validity of the remuneration policy should not exceed four (4) years since its approval by the G.A. The Company is obliged to submit the remuneration policy to the G.A. for approval whenever there is a substantial change in the conditions under which the remuneration policy has been drafted and, in any case, every four (4) years since its approval.

The approval and review of the Policy takes place as follows:

The Committee submits the [new] Policy for approval to the BoD. Following BoD's approval, the [new] Policy is submitted to the G.M. Shareholders' resolution is binding. In case the G.M. does not approve the proposed new Policy, the Company shall continue to remunerate to the members of the BoD in accordance with the Policy and shall submit a revised Policy for approval at the following G.M.

## 7. Remuneration Policy derogations

Derogation from the Policy is temporarily allowed in exceptional circumstances (e.g. provision of extraordinary remuneration for a specific purpose or task), provided that this derogation is necessary for the long-term interests of the company in total or in order to ensure its viability.

Also, a derogation may occur upon a specific resolution of the G.M., such as in case of a decision to grant stock option rights or other remunerations based on the distribution of shares or even distributions of profits to the members of the BoD in accordance with the relevant provisions.

## 8. Publicity of the Remuneration Policy

The Policy along with the date and the results of the voting procedure of the G.M. is subject to publicity formalities and remains available on the Company's website for at least as long as it is in effect.

## 9. Previous agreements

The approval of the Policy does not affect any Company's commitments arising from contracts already entered into between the Company and the members of the BoD before the entry into force of this Policy. These contracts shall remain fully effective after the approval of this Policy. The details of any related payments will be set out in the Remuneration Report under article 112 of L.4548/2018, to the extent applicable.

## 10. Remuneration Policy implementation monitoring

The Committee are responsible for the monitoring of the implementation of the Policy.

## 11. Amendments Table

| Version | Date       | Description   |
|---------|------------|---------------|
| 1       | 29.11.2019 | First version |

## ANNEX A

| <b>BoD &amp; Committees*</b>  | <b>Monthly compensation per member</b> | <b>Annual compensation per member</b> | <b>Compensation per meeting / per member</b> | <b>Maximum number for paid meetings per Committee</b> | <b>Maximum annual compensation – per BoD member</b> |
|-------------------------------|--|---------------------------------------|--|---|---|
| <b>BoD Members (MEETINGS)</b> | 2.000 €                                | 24.000 €                              | 900 €  | 12  | 34.800 €  |
| <b>AUDIT COMMITTEE</b>        | 1.000 €                                | 12.000 €                              | 1.000 €                                      | 12  | 24.000 €  |
| <b>OTHER BoD COMMITTEES**</b> | 500 €                                  | 6.000 €                               | 500 €  | 12  | 12.000 €  |

*\*The remuneration of the Chairman of each Committee is set at 1,5 times the member's remuneration*

*\*\*It relates to the following Committees: Remuneration & Succession Planning Committee, Petroleum Committee, Committee on labor issues, Financial Planning Committee or as these Committees can be differentiated at any time upon decision of the BoD.*

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## ANNEX B

### Company's employee remuneration policy for executives holding managerial position

The Company has adopted an employee remuneration policy for its executives (irrespective of their capacity as members of the BoD) which is approved by the BoD following a relevant proposal of the Committee. This Policy provides, inter alia, for the definition of the framework of the overall annual remuneration and the way it is structured between fixed and variable remuneration. The basic principles of the abovementioned policy are as follows:

#### Overall level of remuneration of the Company's executives

The overall level of remuneration depends, inter alia, on the following factors for each executive:

- The hierarchical and management level as well as the seniority of the position.
- The subject and the level of specialization.
- The experience and expertise of each executive.
- The level of the executives' remuneration based on research data of the Greek and international market.

#### Allocation of the total annual remuneration

Aiming at aligning personal and corporate goals, the total remuneration is allocated to fixed monthly and variable annual remuneration calculated as a percentage of fixed remuneration. The following factors are considered in the calculation of the above allocation:

- The management level of the executive.
- Company's financial results and Group consolidated results.
- Company and Group performance in other areas such as safety and environment.
- Individual performance.

#### Medium- and long-term variable remuneration plans

The Company's employee remuneration policy may provide for medium-and long-term plans and associated variable remuneration. Such plans had been designed in the past and implemented by the Company either through cash variable remuneration or a stock option plan. Given that these plans constitute a significant lever for the accomplishment of long-term strategic goals, they are likely to be designed and implemented by the Company in the future after acquiring all necessary approvals depending on the type of the plan. In addition, the executives can participate in benefit programs including for example company car, fuel card, participation in group life and health insurance plans as well as pension plans.