



Remuneration Policy

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Introduction

This remuneration policy (the “Policy”) of the Board of Directors (the “Board”) of Theon International PLC (the “Company”), is approved during the annual general meeting of the Company’s shareholders (the “GM”) on 19.01.2024. The Policy will be submitted for adoption to the GM at every material change and at least every four (4) years. Compliant with the EU Directive 2007/36 as amended by Directive 2017/828, the Company’s Articles of Association, and the updated Dutch Corporate Governance Code as issued by the Dutch Corporate Governance Code Monitoring Committee on 20 December 2022 (the “Dutch Corporate Governance Code”), the Policy pertains to the remuneration of all members of Company’s Board.

As a public listed entity on the Amsterdam Stock Exchange, Company adheres to the Dutch Corporate Governance Code to ensure compliance with internationally recognized best practices of corporate governance. This commitment reflects the dedication to transparency, adherence to global standards, and the pursuit of comparability with leading corporate governance frameworks.

Review Approval and Implementation

The remuneration of the members of the Board is subject to adoption by the GM. As per the provisions of the Dutch Corporate Governance Code, the Nominations and Remuneration Committee (the “Nominations and Remuneration Committee”) is responsible for setting forward to the Board any recommended amendments and/ or revisions of the Policy.

The Board shall then be responsible to present any proposed amendments and/ or revisions of the Policy to the GM for adoption. In the event that the GM does not endorse any proposed amendments to the Policy, the Company will continue to remunerate according to the existing approved policy and will present a revised policy for approval at the following GM.

All modifications to the Policy will be accompanied by a detailed explanation of the significant alterations and the decision-making process employed during its creation, review and implementation. Furthermore, the document will outline how it incorporates feedback from shareholders and other stakeholders since the most recent GM’s vote on the Policy.

Following the vote on the remuneration policy at the GM, the Company is committed to ensuring transparency and accessibility of this document. Company shall publish the approved Remuneration Policy on the website, including the date of publication and the detailed results of the vote. This information shall be made available to the public free of charge and remain accessible on the company’s website for the entire duration of its applicability.

Throughout the development and implementation of the Policy, the Company will consider the perspective and input of both internal and external stakeholders, as well as the external business environment in which the Company operates. The Company remains committed to an ongoing dialogue

with its shareholders and actively seeks the opinions of significant shareholders before proposing any substantial changes to remuneration arrangements for adoption.

The Nominations and Remuneration Committee shall consistently assess whether the Policy aligns with the Company's strategic objectives and recommends any necessary adjustments to the Board.

The Policy applies to executive directors ("Executive Directors") and non-executive directors ("Non-Executive Directors" and together with the "Executive Directors", the "Directors") of the Board. The Board, as a one-tier board, acts as the executive and supervisory body of the Company.

Non-executive directors of the Board shall only be allowed to deviate from the Remuneration Policy in exceptional circumstances until a new policy is adopted by the General Meeting of Shareholders. Exceptional circumstances include situations where deviation is necessary for the company's long-term interest, sustainability, or viability, covering aspects of the Remuneration Policy. Any deviations must align with the main objectives and principles of the Remuneration Policy and be approved by the Board of Directors based on a recommendation from the Remuneration Committee. The deviations will be disclosed in the remuneration report, and conditions for such deviations are outlined, including a detailed process for recommendation and approval. Additionally, the Company reserves the right to honor contractual obligation with Board members made before the effective date of this policy, with details listed in the Remuneration Report as applicable.

Upon the revision of the Remuneration Policy, a comprehensive explanation of significant changes shall be provided. This shall include how the changes took into consideration the votes and views expressed by shareholders since the most recent general meeting where the remuneration policy was voted upon. This information shall be facilitated through the annual remuneration report and company's website alongside the resolutions of the general meeting.

Object

The primary purpose of the Policy is to ensure that the Company compensates its Directors in alignment with the Company's short and long-term business plans, thereby fostering value creation for customers, shareholders, employees and local communities.

The determination of fixed pay, including salaries and board fees, for the Directors is rooted in the principles of providing equitable and reasonable compensation for the most qualified individuals for their respective roles. This approach takes into consideration the level of responsibility, necessary knowledge and experience required to meet expectations, all while ensuring that the Company does not overcompensate unnecessarily. It is essential to support the Company's long-term interests and sustainability.

The Policy introduces variable compensation arrangements for Executive Directors to further align their interests with those of the Company. These variable components are tied to performance indicators associated with the Company's long-term success and sustainability.

The Policy for Executive Directors supports the Company's business strategy and long-term sustainability in the following ways:

- It maintains a balanced level of fixed remuneration, reducing reliance on variable pay and discouraging undue risk taking, thereby encouraging Executive Directors to concentrate on sustained, long-term value creation.
- It combines both short and long-term incentives to ensure a focus on short-term objectives that contribute to long-term value creation.
- It encourages Executive Directors to acquire and hold Company's shares, aligning their interests with the long-term performance and sustainability of the Company and its shareholders.
- It incorporates long-term incentives with rewards delivered in the form of shares, aligning Executive Directors with shareholders' interests, Company's performance, and long-term value.
- It mandates that performance measures in any long-term incentive program be evaluated over the long-term.

The Policy excludes variable compensation of Non-Executive Directors to prevent conflicts of interest in their decision-making processes and their ability to challenge management's risk-taking decisions.

The Policy has been designed taking into consideration all the key aspects and elements as stipulated by the law and the Dutch Corporate Governance Code.

Procedures to prevent and manage conflicts of interest during the decision-making process for the implementation and review of the remuneration policy adhere to the guidelines outlined in the Company's established Conflict of Interest Policy.

Compensation for Executive Directors

The remuneration of the Executive Directors consists of a combination of fixed and variable components, analyzed as follows:

Annual Base Salary

Consisting of salary and annual fees, serves the purpose of facilitating the recruitment and retention of qualified talent. The salary for Executive Directors represents a fair and consistent fixed remuneration in line with the role's scope and responsibilities. Meanwhile the annual fee covers the time necessary for Executive Directors to fulfill their duties, encompassing the time spent in Board meetings, as well as the preparatory work involved. Salaries and fees undergo regular reviews, although they are not necessarily increased on an annual basis.

The Company's policy is to determine these compensation levels by considering the remuneration levels in other companies of similar size, with roles of comparable scope and responsibility. Several factors influence these decisions:

- The individual's performance;
- The Company's overall performance;
- The specific role and responsibilities of the individual;
- Compensation and employment conditions within the Company;
- Inflation rates and market-wide pay increases across various international location;
- The geographic location.

While there is no fixed upper limit for salaries, increases typically do not surpass the average increases given to the broader workforce within relevant geographic areas. Larger increases may be considered in specific circumstances such as when an individual's role experiences an increase in responsibility.

Salary levels are subject to periodic reviews, taking into account both the performance of the individual and the Company as a whole. Base salary levels are disclosed in the annual remuneration report, as referenced in the relevant section herein.

Other Benefits

The provision of a competitive benefit package serves a dual purpose: it enhances the Company's ability to attract and retain top talent while ensuring the overall well-being of Executive Directors. The existing benefits constitute market standard benefits and encompass a range of offerings, including private health insurance, life insurance, car or car allowance, and fuel card or allowance.

Furthermore, additional benefits may be introduced as deemed suitable and in alignment with prevalent market practices.

Variable Remuneration

The Variable pay structure, integrating short-term incentives and long-term incentives tied to financial and non-financial targets, promotes the company's long term interests and sustainability, as well as strategically aligns directors and shareholders goals. It aligns executives with organizational goals, foster a performance driven culture, mitigates risk, and encourages strategies for lasting value creation. Long term incentives enhance retention, stakeholder confidence, and adaptability to changing circumstances, ensuring the Company's viability over time.

Short Term Incentives (STI)

The purpose of the short-term incentive scheme is to place emphasis on the Company's short-term performance and provide a rewarding mechanism for the achievement of short-term individual, strategic, financial, and non-financial objectives of the Company.

In each financial year, the Executive Directors have the opportunity to receive a short-term incentive through an annual cash bonus plan.

The Executive Directors are eligible for an "at target" annual bonus equivalent to their base salary with a maximum bonus for exceptional performance determined by the Nominations and Remuneration Committee.

The annual bonus structure is designed to align with the Company's high-performance, culture and the principle of placing a significant portion of total remuneration on variable remuneration. The performance evaluation period for the annual bonus is one (1) fiscal year.

At the end of each fiscal year, the Nominations and Remuneration Committee is responsible for evaluating and determining the most appropriate performance measures and targets. For each fiscal year, the Nominations and Remuneration Committee shall select the most suitable performance measures and targets, which are linked to the Company's, for that relevant year, business objectives, strategy, and sustainable and long-term value creation for shareholders. Such performance measures encompass financial and non-financial metrics.

Performance measures shall be based on key performance indicators in relation to the Company's strategy. Financial measures may relate to EBITDA, Profit, Net Margin, Return on Average Equity (ROAE), Cash flow and other similar financial metrics. Non-financial measures may relate to ESG, corporate social responsibility objectives, sustainability targets and specific strategic milestones deemed appropriate by the Nominations and Remuneration Committee. Other financial and non-financial metrics may also be taken into consideration as appropriate depending on the Company's business priorities for the relevant year.

The annual remuneration report of the Company (as referenced hereinbelow) shall disclose details of performance measures for each year and how these contribute to Company's strategy, long-term interests and sustainability.

It is at the Nominations and Remuneration Committee's discretion to establish challenging but realistic performance targets to guide Executive Directors in executing strategy in a sustainable manner. The performance targets regarding the threshold(s), target(s) and maximum levels are recalibrated annually to align with the Company's business plan.

Initial disclosure of performance targets at the start of the financial year is avoided due to their commercial sensitivity. However, unless they remain commercially sensitive, these targets will be

reported and disclosed retrospectively at the end of the financial year in the subsequent year's annual remuneration report to provide shareholders with an understanding of the basis for any bonus outcomes.

The Nominations and Remunerations Committee retains the discretion to adjust targets or performance measures for any exceptional events that may occur during the financial year. The annual bonuses are subject to specific adjustment provisions, including claw back. The Nominations and Remuneration Committee may further modify the variable remuneration, subject to reaching specific targets and the occurrence of certain events, to an appropriate level should the payment of variable remuneration be deemed unacceptable according to the standards of reasonableness and fairness.

Long-Term Incentives (LTI)

The Long-Term Incentive (LTI) scheme is designed to foster a sense of ownership, align the interests of shareholders with the Company's performance, and reward value creation over an extended timeframe. This plan aims to drive sustainable growth while attracting and retaining top talent.

The LTI scheme offers Executive Directors the opportunity to receive an annual award in the form of shares. The number, grant and vesting period, restriction, and exercisable terms, of LTI awards granted to Executive Directors as well as the maximum opportunity for achieving "at target" performance shall be determined by the Board upon recommendations made by the Nominations and Remuneration Committee contingent on the accomplishment of specific pre-determined corporate performance conditions. These conditions, encompassing financial and shareholder return based metrics, are established by the Nominations and Remuneration Committee and hinge on the individual's continuous employment.

LTI awards may take the shape of share options, appreciation rights to acquire shares (SARs), immediate allocation of shares subject to certain restrictions, or other LTI instruments deemed suitable by the Nominations and Remuneration Committee.

Each fiscal year the Nominations and Remuneration Committee shall define the most appropriate performance conditions for the LTI award. These conditions shall be chosen considering the Company's long-term business strategy and will be linked to pre-determined corporate performance conditions, including financial and shareholder return based metrics, as determined by the Nominations and Remuneration Committee. Details regarding the performance measures shall be included in the annual remuneration report of the Company.

A fundamental performance measure under the LTI is Total Shareholder Return (TSR), which objectively assess Company's financial performance and its contribution to long-term value creation for the Company's shareholders. LTI awards are subject to both relative and absolute TSR measures, each equally weighted, as determined by the Nominations and Remuneration Committee.

The Nominations and Remuneration Committee shall periodically review performance conditions for each LTI grant, such as the measures, target ranges, and weightings. In the event of deviations from TSR or use of alternative performance measures, including additional performance measures or vary weightings, consultation with major shareholders will precede any changes and/ or revisions, as determined by the Nominations and Remuneration Committee.

The Nominations and Remuneration Committee is entitled to adjust targets or performance measures for any exceptional events that may occur during the performance period.

The Nominations and Remuneration Committee has the authority to vary the number of shares under LTI awards in response to change in the Company's share capital and certain other corporate events, in accordance with the provisions specified in the LTI approved by the GM. Amendments to the LTI require a previous GM.

To mitigate dilution, the Company may repurchase shares to cover the LTI awards granted. LTI awards are subject to specific adjustment provisions, including claw back, and the Nominations and Remuneration Committee may adjust variable remuneration to an appropriate level if deemed unacceptable according to the requirements of reasonableness and fairness.

Claw back, malus and adjustment to Short or Long-Term Incentives

Short and Long-term incentive components of the Executive Directors are subject to claw back provisions in specific circumstances. This includes incorrect financial data or other data, in case of fraud, gross negligence, willful misconduct or any other activity deemed detrimental to the Company. This claw back provision is applicable to both the vested and unvested part of the Long-Term incentive components as well as deferred Short-Term Incentives awards (malus).

Compensation for Non- Executive Directors

Fixed Pay

Non-Executive directors receive a fixed basic fee, which is designed to compensate for the time required to fulfill their duties. This fixed fee encompasses their attendance at Board meetings, including time spent on travel and preparation. In addition to this basic fee, Non-Executive Directors are subject to fees for their participation in Board committees.

It is important to note that there is no performance based variable pay, pension schemes, remuneration in the form of shares or rights to receive shares or other benefits granted to the Non-Executive Directors. The annual fee or any increase is not set at a pre-determined level, and there is no specified maximum fee. Instead, the Board of Directors relies on general market benchmarks to guide their decisions on fee levels and increases for Non-Executive Directors.

Determining fee levels and increases involves considerations such as:

- Market rates;
- Ensuring that Non-Executive Directors with the necessary skills, diversity, knowledge, and experience can be recruited for the Board;
- The time commitment required for the role;
- Any enhancements in the scale, scope, or responsibilities of the role; and
- The necessity to recruit a Non-Executive Director with specific skills and experience.

Non-Executive Directors who hold shares in the Company are only allowed to do so as long-term investments and will adhere to the Company's insider dealing rules.

The annual remuneration report (as referenced hereinbelow) shall include detailed information on the actual remuneration of each Non-Executive Director.

Remuneration Report

The Nominations and Remuneration Committee, in accordance with the Dutch Corporate Governance Code, is responsible for the preparation of a clear and understandable remuneration report (the "Remuneration Report") with the view to provide a comprehensive overview of the remuneration, including all benefits in all forms that have been awarded in the past financial year as per the provisions of the Policy. The Remuneration Report must adequately reflect the Board's accountability to ensure that the implementation of the Policy is performed in a transparent manner. The Remuneration Report should in any event describe, in a transparent manner, in addition to the matters required by law:

- I. how the Policy has been implemented in the past financial year;
- II. how the implementation of the Policy contributes to sustainable long-term value creation;
- III. how scenario analyses have been taken into consideration. Nonetheless, the Company has no obligation to disclose the content of the analyses in the Remuneration Report;
- IV. the pay ratios within the Company and its affiliated enterprise and, if applicable, any changes in these ratios compared to at least five (5) previous financial years;
- V. in the event a Board member receives variable remuneration, how this remuneration contributes to sustainable long-term value creation, the measurable performance criteria determined in advance on which the variable remuneration depends, and the relationship between the remuneration and performance, and;
- VI. in the event that a current or former Board member receives a severance payment, the reason for this payment.

Once the Remuneration report is reviewed and approved by the Board, the final report is submitted to the GM for a non-binding advisory vote. Following the GM's approval, the report is published on the



Company's website for a period of ten (10) years, allowing stakeholders access to this information. Continuous monitoring of the Policy's effectiveness and appropriateness remains an ongoing commitment.

