



# Remuneration Report 2022

## Board of Directors

In accordance with the applicable provisions, this Board Remuneration Report (the “Report”) describes the remuneration paid to Members of the Board of Directors of MYTILINEOS.

### 1. Introduction

This is the fourth Report, following the introduction of the Board Remuneration Policy in 2019 and its amendment in 2021. The Report describes how the 2021 policy was applied, in alignment with the Greek law 4548/18 and SRD II. More specifically, the current Board Remuneration report considers the key remuneration principles, the remuneration design and the actual performance exhibited at Company and individual level, during 2022.

#### Committee focus in 2022

During 2022, the Remuneration and Nomination Committee (the “Committee”) worked on the revision of the Company’s remuneration policy (applicable from 2023 onwards) and the implementation of the short-term (“STIP”) and long-term incentive plans (“LTIP” or “the Performance Share Plan”), as well as the One-Off Share Plan. All references to Remuneration Policy in this report refer to the 2021 amended version, applicable to the 2022 remuneration. A revised policy was put forward to vote during the Extraordinary Shareholders’ Meeting of 10.04.23 receiving 93,69% of the vote. More information on the 2023 revised policy (“the New Policy”, “the 2023 revised Policy”, applicable from 2023 onwards) is provided in section “8. Outlook” of this report.

#### Reward & Strategy Alignment

The Remuneration and Nomination Committee ensures that the remuneration paid to the Executive Directors of the Board, is closely aligned with and reinforces MYTILINEOS’s strategy. This alignment is achieved by using the strategic objectives to set financial and individual strategic objectives for the Executive Directors of the Board. This process forms part of the annual Board calendar, with the targets approved in the beginning of the financial year.

The Company recently adopted a leaner organizational structure maintaining two main, complementary pillars, namely Energy and Metals. This transformation not only enhances the Company’s synergistic business model, among various subsegments, but, equally important, allows MYTILINEOS to develop and more effectively navigate an increasingly uncertain energy environment, while offering to the investment community a direct understanding of the Company’s activities. The Company’s strategic priorities continue being the following:

- Robust operating cashflow to finance the Company’s growing capital expenditure,
- Strong value generation sourced mainly from organic growth,



- Diversified business model, synergies among BUs and vertically integrated production model with strict cost control, so as to ensure strong financial performance despite any cost pressures,
- Continuous improvement of our corporate governance framework,
- Transition to a low carbon economy through expansion of RES globally, and a new focus towards engineering for sustainability projects,
- Strong Commitment to ESG and Health & Safety, targeting to reduce emissions by 30% by 2030 and achieve net zero by 2050,
- Implementation / support of major initiatives that contribute substantially to the achievement of the 17 Sustainable Development Goals established by the UN and of the corresponding national priorities.

## 2. Shareholder engagement

Engagement is a valuable way to ensure that our remuneration practices align with shareholder expectations and best practice. We consulted with the stewardship teams of key institutional shareholders to receive their feedback during the discussion for the renewal of the remuneration policy in 2023. Additionally, we met with ISS and Glass Lewis, given the importance of the views of these proxy advisers and the engagement of their services by many of our shareholders. These meetings were virtual, all with our a) Committee Chair & Lead Independent Director, b) the General Manager of Corporate Governance & Sustainable Development and Executive Director of the Board and c) the Director of Corporate Governance & Company Secretary, d) Sustainable Development Director and e) Head of Investor Relations.

We received feedback related to the results of the review of the peer group to which MYTILINEOS remuneration level is benchmarked, the revision of the short-term and long-term incentive plans with regards to the achievement level and the introduction of individual performance, as well as the Company's maximum contribution to the employee pension plan.

The Committee reviewed and considered all the advice and feedback received during the engagement in the 2023 revision process of the remuneration policy. The Board and the Committee would like to thank all shareholders and proxy advisers for their feedback and advice.



### 3. How we performed in 2022

2022 was a milestone year for MYTILINEOS, not only due to the Company's historically high performance against a negative international environment, but above all because it was the 2nd year of transition to a new era through its corporate transformation into MYTILINEOS Energy & Metals. Last year, MYTILINEOS faced challenges such as the unprecedented energy crisis and its impact, the lengthy war in Ukraine and its effects, the rapid increase in energy costs and interest rates, and the highest inflationary pressures recorded since the 1970s. In this environment, the Company has been able to respond successfully, while laying the foundation for further development in the coming years. During 2022, MYTILINEOS achieved a continuous increase in profitability by attaining successive historic peaks in each fiscal quarter. At the same time the Company significantly reduced its leverage ratio in a year of record-high investments. This confirms the successful strategic planning and foresight by the Company's Management, while paving the way for even higher profitability in the coming period. At the same time, MYTILINEOS joining the MSCI index for the first time as well as strengthening the participation of foreign institutional investors – the most recent example being Fairfax stepping up as the second largest shareholder – are an important recognition of MYTILINEOS performance over the years, as well as its commitment to the strategic goal of creating value for all shareholders. Finally, after joining the Dow Jones Sustainability Indices and the MSCI ESG Ratings Index, MYTILINEOS Energy & Metals proves that it is now part of the global elite of companies with high performance in sustainable development issues.

More specifically:

- Turnover increased by 137% at €6,306 million, compared to €2,664 million in 2021.
- Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased by 130% to €823 million, compared to €359 million in 2021.
- Net Profit after minorities increased by 187% to €466 million vs. €162 million in 2021.
- Earnings per Share came in at €3.41, an increase of 186% compared to 2021.
- Recommended dividend of €1.20 per share, (adjusted for own shares), up by 176% compared to 2021.
- 2022 financial results' key takeaway is the Net Debt position and its reduction to €716 million in 2022, vs. €803 million at the end of 2021, with leverage ratio (Net Debt/EBITDA) significantly improved, from 2.2x at the end of 2021, to c.0.87x at the end of 2022, levels reached solely by investment grade companies with global reach. The continuous improvement of the Company's credit profile has been recently certified by S&P, with the upgrade of the Company's credit rating to "BB" from "BB-", while maintaining a positive outlook.
- The de-escalation of the net debt position, becomes even more important if one considers that it has been achieved in a year during which a) investments exceeded €700 million, recording a new record-high, b) turnover increased by almost €4 billion, thus absorbing liquidity from cash reserves and credit lines.



Looking into more detail the performance of the Company's Business Units, the following are the main highlights:

### Table 1. 2022 BUs performance

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#### Power & Gas

Power & Gas Business Unit recorded a turnover of €4,434 million, corresponding to 70% of the company's total turnover, posting a 252% increase compared to the previous year. **Earnings before interest, taxes, depreciation and amortization** came in at **€373 million**, an increase of 153% compared to €147 million in 2021.

The strong performance of the Business Unit is owed primarily to both the high efficiency of the Company's plants as well as its ability, due to the size of its portfolio, to secure natural gas at competitive prices, through a wide and diverse network, via both LNG cargoes and pipeline gas. In that way, MYTILINEOS is securing sufficient natural gas quantities, in a period of very high energy prices, while achieving, at the same time, significant penetration in neighboring markets.

#### Metallurgy

The Metallurgy Business Unit in 2022 recorded a **turnover of €817 million**, corresponding to 13% of the total turnover, compared to €668 million in 2021. **Earnings before Taxes, Interest and Depreciation (EBITDA)** amounted to **€270 million**, compared to €159 million in 2021, marking an increase of 70%.

The significant increase in profitability is, among others, due to the steep rise in European aluminium Premia, during 2022, as well as due to the significant improvement in profit margins, the result of continuous investments in an effort to increase productivity, coupled with timely actions to address the various cost parameters and particularly the energy costs.

#### Renewables & Storage Development (RSD)

The Renewables & Storage Development (RSD) Business Unit, in the fiscal year 2022, recorded a **turnover of €630 million** (corresponding to 10% of the total turnover), increased by 73% compared to the corresponding fiscal year of the previous year, while the **EBITDA** amounted to **€105 million**, compared to €22 million in 2021.

This steep rise of EBITDA (384% compared to 2021), on top of the turnover increase, is due to the significant strengthening of the Business Unit's profit margin, as a result of a much greater contribution by BOT (Build Operate & Transfer) projects contribution compared to the 3<sup>rd</sup> party EPC projects, in the profitability mix. BOT projects, which will maintain the "lion's share" of the profitability in years to come, come with a significantly higher profit margin vs 3<sup>rd</sup> party EPC projects.

#### Sustainable Engineering Solutions (SES)

The **turnover** of the Sustainable Engineering Solutions Business Unit in 2022 accounted for **€425 million** corresponding to 7% of the total turnover, while the **Profit before Taxes, Interest and Depreciation** was **€91 million** compared to €33 million in 2021, an increase of 171%. The significant increase in the profitability of the BU is due to the progress of the execution of the signed contracts, which are constantly increasing.

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## 4. Board Remuneration Policy

The objective of MYTILINEOS's remuneration policy is to ensure that the Company is remunerating its Directors on the basis of the Company's short and long-term business plan, so as to continue creating value for customers, shareholders, employees and the Greek economy.



Although the Remuneration Policy was revised in 2022 and put to vote in 2023, all references to the Remuneration Policy in this report refer to the 2021 amended version, applicable to the 2022 remuneration.

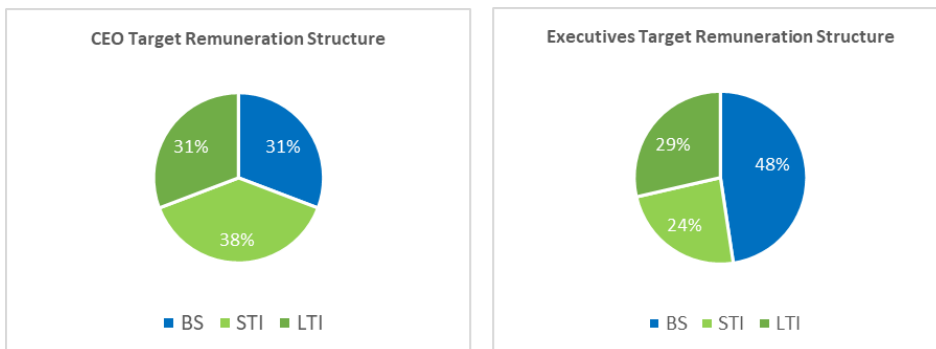
## Remuneration of the Board's Executive Directors

### Key Remuneration Principles and Target Mix

The remuneration policy for the Executive Directors contributes to the Company's business strategy and long-term interests and sustainability by:

- providing a fair and appropriate level of fixed remuneration that does not result in over reliance on variable pay and undue risk taking, thereby encouraging the Executive Director to focus on sustained long-term value creation.
- balancing short and long-term incentives to ensure there is focus on short term objectives that will over time build to create long-term value creation, as well as long-term goals.
- expecting Executive Directors to acquire and retain shares in the Company thereby being aligned to the long-term performance and sustainability of the Company and its shareholders.
- including long-term incentives where the reward is delivered in shares which aligns Executive Directors to shareholder interests and value, as well as the performance of the Company over the longer term.
- requiring performance measures in any long-term incentive to be measured over the longer-term.

The following pie charts represent the fix/variable pay mix for both the CEO and other Board members in case of an on-target performance:





## Peer Group

Since 2019, two peer groups are being considered for the remuneration level and design. The 1<sup>st</sup> peer group consists of European sector-specific companies relevant to MYTILINEOS’s revenue and market cap and relatively relevant to business, covering activities such as construction, offshore energy, aluminum processing, engineering, manufacturing. The 2<sup>nd</sup> peer group is supplementary to the 1<sup>st</sup> peer group. These companies are monitored for performance benchmarking purposes by MYTILINEOS and they are more relevant to the MYTILINEOS’s business, covering activities such as energy, mining and metals, aluminum production in particular.

For the definition of the remuneration of the Executive Directors of the Board, the Committee considered a combination of the following: peer group remuneration level, critical skillset required by the company for the delivery of strategy and legacy remuneration arrangements. In addition, we also considered the typical practices that listed companies are following when setting the remuneration policy in terms of structure and link to performance.

Both peer groups were observed in terms of type of incentive instruments, applicability and type of performance criteria, performance incentive zone (threshold, target, maximum (or not capped), individual payout and in general the plan mechanics, as well as remuneration level. The benchmarking was utilized by the Committee as a reference. The decision about the remuneration policy for MYTILINEOS considered other elements as well, such as any legacy arrangements with Executives, the Company’s targets, Company’s current state.

**Table 2a. Peer Group #1. Based on Revenue, Market Cap and Sector**

AMAG Austria Metall	Indus Holding
Boskalis	Keller Group
CFE	Kier Group
CIR S.p.A. – Compagnie Industriali Riunite	Maire Tecnimont
ERG	Morgan Sindall Group
Implenia	

**Table 2b. Peer Group #2. Based on performance monitor by MYTILINEOS**

Galliford Try	Sacyr
RWE Supply& Trading GmbH	Endesa
Uniper SE	Rio Tinto
Enel Spa	Drax
Norsk Hydro	Acciona
EDP	Alcoa Corp

The two peer groups served as a reference to determine the overall competitiveness of the Company’s Executive remuneration. In principle, a benchmark with a peer group is conducted at least every two years. The peer group is reviewed and updated, if necessary, simultaneously with the performance of the benchmark.

Considering the considerable growth and transformation of MYTILINEOS over the last 4 years, MYTILINEOS reviewed the peer group against which it is benchmarked to ensure appropriate remuneration levels considering its current business size. This is reflected in the 2023 revision of the Remuneration Policy.



## Fixed Remuneration

Fixed Remuneration consists of Annual Base Salary and Board Fees. In terms of the Annual Base Salary, this is set on a market competitive level, taking into account the individual responsibilities, relevant experience and required competencies in line with the remuneration principles. Each year, the Board reviews fixed remuneration and decides whether circumstances justify an adjustment – particularly with regards to Annual Base Salary – within the market-competitive target range for individual members of the Board.

## Variable Remuneration | Short-Term Incentives Plan (STIP)

<b>Form of compensation</b>	Cash and/or Shares
<b>Value determination (on-target performance)</b>	CEO: up to 125% of fixed remuneration Other Executive Directors: up to 50% of fixed remuneration
<b>Targets</b>	Corporate, Functional, Personal <i>NB: To activate the Short-Term Incentive Program, the Company must achieve at least 85% of the EBITDA target adjusted for extraordinary events. In addition, the Short-Term Incentive Program pay-out is subject to the achievement of a predefined set of environmental, health and safety targets, as well as corporate social responsibility criteria. In case those are not met, the pay-out is decreased according to the level of achievement.</i>
<b>Scenario maximum performance</b>	Up to 200% of the on-target incentive payout

## Variable Remuneration | Long-Term Incentives Plan (LTIP)

<b>Form of compensation</b>	Shares or in cash equivalent. In case this is delivered in cash equivalent, the Executive Director is required to buy company shares at 30% of total value granted and hold them for 2 years
<b>Value determination (on-target performance) for granted shares</b>	CEO: 100% of fixed remuneration Other Executive Directors: 60% of fixed remuneration
<b>Criteria for vesting</b>	a. TSR relative to FTSE/ATHEX Large Cap excluding banks and b. Absolute EPS Each criterion weighs 50%
<b>Scenario on-target performance</b>	100% of on-target incentive payout
<b>Scenario maximum performance</b>	150% of the on-target incentive payout
<b>Performance Period</b>	Award is contingent on achieving specific targets over a 3-year period
<b>Vesting Schedule</b>	30% on year 4, 30% on year 5, 40% on year 6

Neither the Committee, nor the Board have the discretion to provide any payout in case targets are not met, for both the Short-Term Incentive Plan and the Long-Term Incentive Plan.

## Pension Scheme

The 2021 Board Remuneration Policy provided for a maximum pension contribution of 25% of fixed remuneration. However, to date no pension scheme has been implemented. A pension scheme will be implemented in 2023 with a reduced employer's contribution as per revised Board Remuneration Policy approved in 2023.



## Remuneration of the Board's Non-Executive Directors

### Key Remuneration Principles

The Non-Executive Directors are paid a basic board fee which is fixed and covers for the time required to perform their duties. This fixed fee covers for the time to attend in Board meetings and includes travelling and preparation time. Supplemental fees may be paid to the Non-Executive Directors for additional responsibilities and activities, which exceed the scope of the duties assigned including but not limited to, attending site visits, and meetings with management.

There is no performance-based variable pay or pension or other benefit provided to the non-executive Chairman or Non-Executive Directors. Reasonable business expenses incurred by the Non-Executive Directors in carrying out their duties may be reimbursed by the Company such as professional courses, purchasing reading material to ensure they are up to date on any relevant matters, taking into account any internal policy that is applicable.

There are no fees payable to independent Non-Executive Directors for any reason, other than for their participation to the Board and/or its committees.

### Annual Fixed Fee Structure

For determining the remuneration of Non-Executive Directors, four company groups were observed – i.e. (a) companies of similar market cap to MYTILINEOS, excluding Financial Services, (b) companies of similar revenue to MYTILINEOS, excluding Financial Services, (c) “Bottom FTSE 250” group consisting of the bottom half of the FTSE 250 index which has a market cap similar to MYTILINEOS and market cap range between €775m - €1,822m and finally, (d) “FTSE 250” group as a whole consisting of the whole of the FTSE 250 index, which has a market cap range between €683m - €5,684m.

The table below shows the annual fixed fee structure for the Non-Executive Directors of the Board and the committees:

**Table 3. Non-Executive Directors' Fees**

Role	Annual Fee in EUR
Chairman of the Board	Does not apply
Non-Executive Vice Chairman of the Board	96,000
Lead Independent Director	56,000
Member of the Board	36,000
Committee Chair	15,000
Committee Member	10,000

For further details of the remuneration policy, see:

[https://www.mytilineos.com/media/vcblcsju/item\\_11\\_mytilineos\\_rem\\_policy\\_2019\\_2021\\_eng\\_redline.pdf](https://www.mytilineos.com/media/vcblcsju/item_11_mytilineos_rem_policy_2019_2021_eng_redline.pdf)





## 5. Executive Directors' Remuneration in 2022

The actual remuneration of the Executive Directors of the Board has been determined by the Board following relevant recommendation of the Committee.

**Table 4. Executive Directors of the Board | Remuneration for 2022**

All values are in Euros

Name	Year	Fixed Remuneration	Benefits <sup>1</sup>	Annual Variable Compensation	Long-Term Incentives <sup>2</sup>	One-Off Share Plan <sup>3</sup>	Total Remuneration	Fixed	Variable
Evangelos Mytilineos Chairman and CEO	2022	1,500,000	169,776	3,450,000	-		5,119,776 <sup>4</sup>	33%	67%
	2021	1,500,000	110,642	3,375,000	-		4,985,642	32%	68%
	2020	1,500,000	90,172	3,375,000	-		4,965,172	32%	68%
Evangelos Chrysafis Executive Vice-Chairman B', Executive Director for Regulatory & Corporate Strategic Issues related to Energy Sector	2022	279,235	72,359	215,011	-	655,380	1,221,985	29%	71%
	2021	279,235	56,213	134,033	-	500,280	969,761	35%	65%
	2020	279,235	55,664	134,033	-	-	468,932	71%	29%
Dimitrios Papadopoulos GM Corporate Governance & Sustainable Development	2022	187,980	1,495	131,586	-	198,600	519,661	36%	64%
	2021	187,980	8,137	97,750	-	151,600	445,467	44%	56%
	2020	187,980	8,033	90,230	-	-	286,243	68%	32%

Following the implementation of the new organization structure where the role of General Manager ceased to exist, the Chairman and CEO exercised his contractual right, approved at the 2018 AGM, to receive a one-time compensation calculated on the increase of the market capitalization of the Group. This compensation relates to his service over a number of years as General Manager, during which time he did not participate in any equity incentive program. This amount of EUR 140,905,934 was paid during the first quarter of 2023 and the net amount received was EUR 98,665,153 after paying the corresponding tax of EUR 42,240,780

<sup>1</sup> Value of benefits includes mainly Car Allowance, Mobile Phone Allowance, Credit Cards for personal expenses and Insurance.

<sup>2</sup> This Performance Share Plan was initiated in 2021 with vesting taking place in 2024, 2025 and 2026 for the 2021 awards and 2025, 2026 and 2027 for the 2022 awards. Please see the relevant section "2022 performance criteria and outcomes | Long-Term Incentives"

<sup>3</sup> Non-recurring remuneration approved at the 2021 AGM for free distribution of shares of the Company deferred in three consecutive years to executive members of the Board of Directors (excluding the Chairman & CEO) or/and members of the executive management team who are key management personnel or/and higher officers of the Company. The number of shares awarded per Director for the years 2022 and 2021 is shown on Table 12 of this report.

<sup>4</sup> This remuneration does not include the one-off compensation.



## 2022 Fixed Remuneration

The Committee is still targeting at paying at least top quartile of the Executive market - i.e. the respective peer group. For 2022, fixed remuneration remained unchanged at the levels of 2021 for all Executive Directors, as there were no indications that it required review.

## 2022 performance criteria and outcomes | Short-Term Incentives

Following relevant recommendation by the Committee, the Board determines the most relevant performance criteria for the short-term incentive plan. These criteria provide the framework for incentive schemes throughout the company. Additionally, the Board sets challenging, but realistic target levels for each of those performance criteria.

Both financial and non-financial metrics were considered in the short-term incentive plan. These were reflected both at corporate and functional level, in line with the company's strategy. These performance criteria are important measures of the success of the execution of the company's strategy and, as such, the remuneration is directly linked to long-term value creation.

The target levels are set at the beginning of the year. The final assessment is determined at the end of the fiscal year, based on the audited financial results. Any potential payout under the short-term incentive plan occurs annually during the first semester of the next financial year. A minimum level of performance must be achieved, before any payment under the plan is made. Payout is capped for stretch performance.

The final assessment of performance under the short-term incentive plan is performed by the Committee.

**Table 5a. Key Performance Indicators | Targets & Achievement**

Remuneration Key Performance Indicator	2022 Actual	2022 Target	2021 Actual	2022 Performance % Vs. Target
Group EBITDA (€m)	823	546	359	+51%
EBITDA Margin (%)	13.1%	13.9%	13.5%	- 0.8 p.p.
EPS Yield (%)	16.80%	13.40%	7.90%	+3.4 p.p.
EPS (€)	3.41	2.27	1.193	+50%
Leverage Ratio	0.87	2.20	2.24	-1.33

In 2022, the Company revised its non-financial metrics considered for the STIP payout. The following table 5b presents the revised metrics with the corresponding target and achievement levels.



**Table 5b. ESG KPI I Targets & Achievement**

KPI description	2022 Actual	2022 Target	2022 Performance %
Level of CO2 emissions (kt)	3922	<4000	102%
Share of revenues from sustainable (i.e. green) sources of production	804	827	97%
Total recordable injury rate (direct), per 200k working hours	0,33	< 0,6	182%

Group EBITDA grew by 130% since 2021, far exceeding the target that had been set for 2022. Although the EBITDA Margin declined by 0.8% percentage points compared to the targeted, EPS and Leverage Ratio were overachieved. At the same time, one needs to observe the remarkable price increase of 34.2% of MYTILINEOS share between 31.12.2021 and 31.12.2022 vs the 4.1% increase of the Athens Stock Exchange General Index over the same period.

The outcome of these criteria, in combination with the function-specific criteria, resulted to a payout above target, varying by Executive Director in terms of exhibited performance. Finally, there was no discount on the short-term incentive payout based on ESG KPI achievement derived from the controlled level of CO2 emissions, the increased share of revenue from renewables, and injury rate close to industry norm.

### **2022 Chairman and CEO Evaluation**

A separate initiative which was launched for the first time in 2021 is the annual evaluation of the Chairman & CEO, led by the Lead Independent Director and reviewed by the Remuneration and Nomination Committee. The evaluation was carried out along different areas of CEO accountability, including Strategic Development, Organizational effectiveness, Board Effectiveness, ESG progress and delivery of 2022 Financial Targets. The evaluation was discussed with the Chairman & CEO both individually and at Board level and was a critical input into the 2022 STIP review.

In this context, critical areas were addressed that provide a very strong foundation for sustainable and profitable growth going forward. Key highlights are:



## Table 6. Chairman & CEO | 2022 Evaluation Highlights

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### Strategy

- BIG 2, a major restructuring initiative was completed in 2022 to launch the Company into its next era of strategic development. Two mega BUs were created, Energy and Metals, that will allow the Company to better address strategic synergies, whilst separating Concessions and Construction into stand-alone entities.
- The highest ever capex program, amounting to 715 million euros was executed to drive future growth in strategic areas whilst further improving cost competitiveness and its green footprint.
- An M&A agenda has been developed to ensure that MYTILINEOS also addresses any inorganic growth opportunities, especially ones that generate revenue and cost synergies

### Organization

- A new HR GM was recruited whose main objective is to lead the organizational transformation of the Company, support succession planning, upgrade capabilities and increase employee engagement.
- A new organizational model was launched as part of the BIG2 initiative, to support the growth agenda and further develop executive bench. This is a critical initiative given the need to reinforce the succession planning mechanism.
- An external search is under way to recruit a Chief of Staff who will support the new operational model.
- All the above organizational initiatives are crucial to support the growth agenda of MYTILINEOS and ensure that any system bottlenecks to profitable expansion are addressed

### ESG

- The Company continued to pursue growth aligned with its Sustainable Development Strategy with certain initiatives and KPIs, avoiding at the same time any ESG Controversies.
- A substantial improvement in overall ESG performance was achieved putting the Company in the top 10% of ESG performers (2021:15%), in its activity sector, according to several international well established ESG Rating agencies.
- The Company's 1st inclusion in the Dow Jones Sustainability Indices is clear and valuable recognition of its 2022 outstanding performance in ESG practices & disclosures
- The integrated Sustainable Development Strategy was further rolled out, with clear KPIs to assist the Company to reach its climate targets
- A substantial improvement in total Group ESG performance was achieved putting the Group amongst the best performing companies internationally

### Board Effectiveness

- Mr. Mytilineos supported various initiatives to support our corporate governance and Board effectiveness initiatives. A follow up exercise, externally facilitated, was completed to improve Board members individual Board effectiveness.
- Specific tasks were distributed to non-exec Directors to leverage their areas of expertise at Board level, including Compliance, Capital Markets, Organizational effectiveness, Digital and new Technologies.
- Corporate Governance initiatives were introduced increasing compliance with the UK Governance code to over 80%

### Share Performance

- Total shareholder return for 2022 was 37%, driven by a 34.2% share price increase and a 2.9% dividend yield. For reference, the Athens stock market was up by 4.1% during the same period.
- An effective plan was introduced to support stock performance with effective communications with shareholders both at analyst as well as stewardship level

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Overall, yet another outstanding year under the leadership of Mr. Mytilineos - despite significant macroeconomic headwinds - with record levels of Revenues, Profitability, Cash Flow and share price performance. Additionally, further strategic opportunities can now be more effectively addressed with the recent BIG2 reorganization initiative.



The following two tables present the 2022 performance criteria and the short-term incentive outcomes, as per the relevant arrangements described in the Board Remuneration policy:

**Table 7. 2022 STIP Criteria**

<b>Evangelos Mytilineos, Chairman &amp; CEO</b>	
<b>Corporate</b> <ul style="list-style-type: none"> <li>▪ Group EBITDA</li> <li>▪ EBITDA Margin</li> <li>▪ EPS Yield</li> <li>▪ EPS</li> <li>▪ Leverage ratio</li> </ul>	80%
<b>Personal</b>	20%
<b>Evangelos Chryssafis Executive Vice-Chairman B' - Executive Director for Regulatory &amp; Corporate Strategic Issues related to Energy Sector</b>	
<b>Corporate</b> <ul style="list-style-type: none"> <li>▪ Group EBITDA</li> <li>▪ EBITDA Margin</li> </ul>	40%
<b>Functional</b> <ul style="list-style-type: none"> <li>▪ Adjustment of energy business strategies to respond to new opportunities arising from energy transition regulations and obligations.</li> <li>▪ Support Company's strategy in formulating an internal business structure for its involvement in public projects for infrastructure, concessions, PPPs and Non-Energy Waste construction and management.</li> <li>▪ Effective coordination and contribution to government and European affairs on energy, industry, environment, infrastructure, and concessions</li> <li>▪ Manage and strengthen relationships with key players in the energy, infrastructure and concessions market.</li> <li>▪ Develop and execute specific projects that have been formulated and developed through strategic advances in energy, industrial, infrastructure, concessions and business transition.</li> <li>▪ Develop new opportunities for energy, infrastructure, and concessions business</li> </ul>	40%
<b>Personal</b>	20%
<b>Dimitrios Papadopoulos, GM Corporate Governance &amp; Sustainable Development</b>	
<b>Corporate</b> <ul style="list-style-type: none"> <li>▪ Group EBITDA</li> <li>▪ EBITDA Margin</li> </ul>	40%
<b>Functional</b> <ul style="list-style-type: none"> <li>▪ Cost of Function / EBITDA</li> <li>▪ % deviation from <b>BDG</b></li> <li>▪ SASB metrics in Sustainability Report</li> <li>▪ Indexed Sustainability score from rating agencies</li> <li>▪ % compliance with UK Corporate Governance Code</li> <li>▪ Succession planning design</li> </ul>	40%
<b>Personal</b>	20%



**Table 8. STIP Outcomes**

Performance Criteria	Relative Weighting	Threshold		Maximum		Actual	
		Performance	Payout	Performance	Payout	Performance	Payout
<b>Evangelos Mytilineos, Chairman &amp; CEO</b>							
Corporate	80%	80%	63%	120%	250%	163%	230% of Annual Fixed Remuneration
Personal	20%	N/A		N/A		120%	
<b>Evangelos Chryssafis, Executive Vice-Chairman B' - Executive Director for Regulatory &amp; Corporate Strategic Issues related to Energy Sector</b>							
Corporate	40%	80%	25%	120%	100%	122%	77% of Annual Fixed Remuneration
Functional	40%	80%		120%		115%	
Personal	20%	N/A		N/A		100%	
<b>Dimitrios Papadopoulos, GM Corporate Governance &amp; Sustainable Development</b>							
Corporate	40%	80%	25%	120%	100%	122%	70% of Annual Fixed Remuneration
Functional	40%	80%		120%		108%	
Personal	20%	N/A		N/A		100%	

Actual payout of short-term incentives was calculated on the basis of recurring amounts of fixed remuneration presented in table 4 and does not contain any extraordinary items.

**2022 performance criteria and outcomes | Long-Term Incentives**

Pursuant to the resolution of the General Assembly of June 15, 2021, the Company launched a long-term incentive program for free distribution of Company’s shares on a rolling basis comprising of five (5) individual phases, each lasting six (6) years.

An annual conditional award of shares is made to each Executive Director under this Performance Share Plan. Prior to award, the Committee reviews the performance targets for each measure to ensure they remain sufficiently stretching.

Circumstances that may result in a clawback or malus adjustment include financial misstatement, erroneous calculations determining bonus payments, gross misconduct, corporate failure or reputational damage.

Vesting is based on two performance conditions measured over a three-year period, which have been chosen as they are aligned with the Company’s strategy:

**Table 9. Long-Term Incentive Plan | Performance Criteria**

Corporate Performance Criteria – 2022 & 2021	Target	Weight
Relative TSR to FTSE/ATHEX Large Cap excluding banks	Higher than the Index	50%
Absolute EPS	≥1.28	50%
Threshold achievement of ≥95% over a 3-year period required for award		



Whilst the performance measures and the specific targets were set at the beginning of 2021, the detailed terms of the plan and the beneficiaries had not been specified as of 31/12/2021. Therefore, there was no reference to shares due to Directors subject to performance conditions, within 2021. The conditional shares due to Directors under the 2021 and 2022 programs, are presented in Table 10 below:

**Table 10. Long Term Incentives | Shares due to Directors subject to performance conditions**

Specification of Plan	Performance Period	Award Date	End of vesting period	Shares subject to performance conditions	Value EUR
<b>Evangelos Mytilineos</b>					
<b>Chairman &amp; CEO</b>					
LTI Plan 2022	01.01.2022-31.12.2024	By 30.04.2025	By 30.04.2027	110,837	2,250,000
LTI Plan 2021	01.01.2021-31.12.2023	By 30.04.2024	By 30.04.2026	148,711	2,250,000
<b>Evangelos Chryssafis</b>					
<b>Executive Vice-Chairman B' - Executive Director for Regulatory &amp; Corporate Strategic Issues related to Energy Sector</b>					
LTI Plan 2022	01.01.2022-31.12.2024	By 30.04.2025	By 30.04.2027	10,317	209,426
LTI Plan 2021	01.01.2021-31.12.2023	By 30.04.2024	By 30.04.2026	13,842	209,426
<b>Dimitrios Papadopoulos</b>					
<b>GM Corporate Governance &amp; Sustainable Development</b>					
LTI Plan 2022	01.01.2022-31.12.2024	By 30.04.2025	By 30.04.2027	5,556	112,788
LTI Plan 2021	01.01.2021-31.12.2023	By 30.04.2024	By 30.04.2026	7,455	112,788

2022 amounts converted into shares based on 31.12.22 share price of EUR 20.3 and 2021 amounts converted to shares based on 31.12.21 share price of EUR 15.13. Details for the valuation of LTI Plan are provided in annual financial statements of 2022 note 3.16.2.

### 2022 performance criteria and outcomes | One-Off share plan

Pursuant to the approval of the Annual Shareholders Meeting in June 15, 2021, the Company introduced, in addition to the Long-Term Incentive Plan, an additional 3-year one-off plan, which provides for the distribution of up to seven hundred thousand (700,000) regular registered shares with voting rights to Executive Directors of the Board (excluding the Chairman & CEO) or/and members of the Executive Management team or/and higher Officers of the Company.

This plan targets (a) to reward Company executives for their efforts and contribution to the remarkable performance of the Company over the last financial years, especially since the completion of the corporate transformation in 2017 onwards, for the Company managed to achieve, among



others, significant increase of earnings per share, standard distribution of high dividends, significant improvement of return on invested capital, maintaining at the same time low level of lending, while in particular in 2020 despite the pandemic impact, it recorded a historically high EBITDA (b) to retain these Executives always on the basis of achieving specific company and personal goals, thus linking remuneration to the performance of the Company.

The plan provides for a fixed number of shares for each eligible Executive for the whole period. The award vests gradually, upon achieving specific performance goals each of the three years.

The shares are distributed to the beneficiaries gradually in 2021, 2022 and 2023. For 2021, the first year of the program, the award was made based on the general performance of the Company over the last financial years, as described above; for 2022 and 2023, the reward was/will be based on the year-end achievement of company goals. The performance criteria for 2022 were as follows:

**Table 11. One-Off Share Plan I 2022 Corporate Performance Criteria**

Corporate Performance Criteria – 2022 Program	Target	Weight	Achievement (%)
EBITDA increase vs. 2021	≥ 15%	50%	100%
Increase of Net Earnings after Minorities vs. 2021	≥ 30%	50%	100%

The shares per beneficiary, under the One-Off Share Plan, for 2021 and 2022 are summarized below:

**Table 12. One-Off Share Plan I Shares awarded to Directors**

Specification of Plan	Performance Period	Award Year	Shares Awarded
<b>Evangelos Chryssafis</b>			
<b>Executive Vice-Chairman B' - Executive Director for Regulatory &amp; Corporate Strategic Issues related to Energy Sector</b>			
One-Off Share Plan 2022	01.01.2022-31.12.2022	31.12.2022	33,000
One-Off Share Plan 2021	01.01.2021-31.12.2021	31.12.2021	33,000
<b>Dimitrios Papadopoulos</b>			
<b>GM Corporate Governance &amp; Sustainable Development</b>			
One-Off Share Plan 2022	01.01.2022-31.12.2022	31.12.2022	10,000
One-Off Share Plan 2021	01.01.2021-31.12.2021	31.12.2021	10,000

### Other benefits

Executive Board members receive remuneration for items such as medical insurance, death and disability insurance, credit card for personal expenses and car allowance. These benefits are in line with market practice. The company did not provide any loans, or any retirement benefits.

## 6. Non-Executive Directors' Remuneration in 2022





The table below shows the fees earned in 2022 by each Non-Executive Director:

**Table 13: Board Fees earned in 2022**

Name	Role	Annual Fee in EUR
<b>Spyridon Kasdas</b>	Non-Executive Director, Vice Chairman A, Sustainability Committee Member	116,000 <sup>5</sup>
<b>Ioannis Petrides</b>	Independent Non-Executive Director, Lead Independent Director, Chair of Remuneration and Nomination Committee	71,000
<b>Alexios Pilavios</b>	Independent Non-Executive Director, Audit Committee Chair	51,000
<b>Panagiota Antonakou</b>	Independent Non-Executive Director, Sustainability Committee Member	46,000
<b>Konstantina Mavraki</b>	Independent Non-Executive Director, Remuneration and Nomination Committee Member, Audit Committee Member	56,000
<b>Emmanouil Kakaras</b>	Independent Non-Executive Director, Remuneration and Nomination Committee Member, Sustainability Committee Member	56,000
<b>Natalia Nikolaidis</b>	Independent Non-Executive Director, Sustainability Committee Member	46,000
<b>Anthony Bartzokas</b>	Independent Non-Executive Director, Audit Committee Member	46,000

## 7. How remuneration and performance have evolved since 2019

The following table presents information on the change observed in Directors' remuneration, the key performance metrics and the average remuneration on a full-time equivalent basis of employees of the Company other than directors, over the last three financial years, including the reported year. This will gradually build up into a five-year period. Presenting such information over a five-year period at this point would not be appropriate for comparative analysis and assessment, given that:

- (a) the current Board of Directors was appointed on June 7th, 2018;
- (b) the Company has significantly transformed from being a holding company up until July 6th, 2017; and
- (c) remuneration policy for the members of the Board of Directors was introduced by the Company at first on June 24th, 2019.

<sup>5</sup> The remuneration of Mr. Kasdas includes fees for his membership in the Sustainability Committee for 2021 and 2022 as per the applicable Remuneration Policy. The 2021 fees were paid in 2022.



**Table 14. Comparative table over the Remuneration and Company performance over the last three reported financial years**

Annual Change in	2022 vs. 2021	2021 vs 2020	2020 vs 2019
<b>Executive Director's Remuneration</b>			
Evangelos Mytilineos, Chairman and CEO	+134,134 EUR <sup>6</sup>	+20,470 EUR	-304,954 EUR
Evangelos Chryssafis, Executive Vice-Chairman B <sup>1</sup> - Executive Director for Regulatory & Corporate Strategic Issues related to Energy Sector	+252,224 EUR	+500,829 EUR <sup>7</sup>	-17,269 EUR
Dimitrios Papadopoulos GM Corporate Governance & Sustainable Development	+74,194 EUR	+ 159,224 EUR <sup>10</sup>	-17,479 EUR
<b>Non - Executive Director's Remuneration</b>			
Spyridon Kasdas, Vice Chairman A	+20,000 EUR <sup>8</sup>	No change	No change
Ioannis Petrides, Lead Independent Director, Chair of Remuneration and Nomination Committee	No change	+ 15,000 EUR	+ 15,000 EUR
Alexios Pilavios, Audit Committee Chair	No change	+5,000 EUR	No change
Panagiota Antonakou, Sustainability Committee Member	No change	+5,000 EUR	No change
Konstantina Mavraki, Remuneration and Nomination Committee Member, Audit Committee Member	No change	+10,000 EUR	No change
Emmanouil Kakaras, Remuneration and Nomination Committee Member, Sustainability Committee Member	No change	+ 15,000 EUR	No change
Natalia Nikolaidis, Sustainability Committee Member <sup>9</sup>	+4,000 EUR	+ 42,000 EUR	n/a
Anthony Bartzokas, Audit Committee Member <sup>10</sup>	+19,000 EUR	+ 27,000 EUR	n/a
<b>Company Performance</b>			
Group EBITDA (€m)	+ 464	+44	+2
EBITDA Margin (%)	- 0.5 pp	-3.1 pp	+2.7 pp
EPS Yield [ROE] (%)	+ 8.9 pp	+0,3 pp	-2.4 pp
EPS (€)	+ 2.22 pp	+0.28	-0.10
Leverage Ratio	- 1.37	+0.53	+0.37
<b>Change in average employee remuneration</b>			
Change in average employee remuneration (€)	+12%	-4%	+7%

The change in employee average remuneration reflects the percentage change in average annual base salary, overtime, annual performance bonuses and any ad-hoc bonuses for employees of MYTILINEOS SA., excluding the Board of Directors.

<sup>6</sup> Amount does not include the one-off compensation of Mr. Evangelos Mytilineos, based on his service contract that relates to his services over a number of years in his capacity as General Manager – please refer to section 5 of the current Report.

<sup>7</sup> This change was due to the one-off share plan award paid in 2021 to Executive BoD members (except the Chairman and CEO)

<sup>8</sup> This amount reflects the fees of Mr. Kasdas' received as member of the Sustainability Committee for 2022, as well as the fees for the same role in 2021 that had not been paid out last year; on an accrual basis Mr. Kasdas remuneration has remained unchanged

<sup>9</sup> Joined February 2021

<sup>10</sup> Joined June 2021



For 2022, the average employee remuneration stands at € 34,880 on average per employee vs € 31,127 that was observed in 2021, which means an increase up to 12%.

## 8. Looking forward

2022, although challenging, has been very successful. The Executive Directors, the Group's Executive Management, along with all Mytilineos' employees worked tirelessly to ensure that the business remains strong and that both we and our customers were able to stay safe throughout. The Committee is dedicated to ensure that the remuneration arrangements continue to support the efforts of the workforce and the objectives of the strategy, whilst aligning pay with strong performance.

Given the continued operational focus on growing the business and optimizing profitability, the Committee believes that the current financial KPIs – i.e. EBITDA, EBITDA Margin, EPS Yield, EPS and Leverage Ratio and ESG metrics for the Short-Term Incentive Plan were sufficient to date. The Committee will review these metrics for 2023 to check if they remain fit for purpose.

The 2023 report will present the implementation of the Revised Board Remuneration Policy, approved by the Extraordinary Shareholder Meeting of 10<sup>th</sup> April 2023. Key elements that have been revised are: the peer group considered, the target and maximum opportunities applicable to the Short-Term Incentive & Long-Term Incentive Plan, the provision for the employer's contribution to the pension plan.

The complete text of the 2023 revised remuneration policy can be found at: <https://www.mytilineos.com/media/4mjnkmx2/remuneration-policy-2023-i-eng.pdf>

Finally, apart from the revision of the policy, within 2023, the Committee will also review the fixed remuneration of Executive Directors, to ensure alignment with the roles and responsibilities they hold.