11 REMUNERATION REPORT

Background

This remuneration report was drawn up in accordance with requirements of the engagement EU Directive on the encouragement of long-term shareholder engagement (SRD II) and Art. 2:135b of the Dutch Civil Code.

Astarta is interested to remunerate the Directors in such way that they may expect to receive estimation in line with the market, taking into account the annual results of Astarta and individual achievements, namely contribution of each Director to the development of the Company.

Gross profit increased by 80% y-o-y to EUR219m due to the record-breaking yields in grains and oilseeds and higher market prices of agricultural produce. EBITDA increased from EUR113m in 2020 to EUR201m in 2021 with higher contribution from the Agriculture and Sugar Production segments.

In 2021 the Company continued development of elevator business and completed construction of additional 12kt silo tower on the site of Krasyliv elevator which increased total grain and oilseeds storage capacity to 562kt. Besides, the in-house AgriChain Scout system was rolled out on 100% of the Company's arable land area in 2021 (vs 75% in 2020). The system is aimed to improve harvest predictability by integrating crops monitoring, agrochemical status, meteorological data and plant vegetation status. Also, due to Astarta's Partnership Centre amid efficient cooperation with independent farmers was realised and as consequence third-party sugar beet supply reached 20% of total.

The remuneration of the Directors of the Company is also influenced by market trends such as market remuneration rates, market prices for key products, industry trends in types of compensations to retain high-qualified directors. Global sugar prices increased by 25% y-o-y to USD471/t due to expectations of a sugar deficit and rising global prices for all raw materials and utilities (especially gas). In the first half of 2021 domestic market faced sugar shortages amid decrease in sugar production in the previous season caused by a decline in areas under cultivation and weak sugar beet yields. As the result yearly average sugar price in Ukraine increased to USD655/t (+66% y-o-y). Indeed, the new sugar production season was delineated with dynamically rising gas prices causing a severe increase in production costs, since the energy component is the second largest in the cost of production after sugar beet. Prices for mineral fertilizers are also expected to rise and affect the costs of growing sugar beets in the new season. According to the National Association of Sugar Producers "Ukrsugar" beet sugar output in Ukraine totalled 1.44mt (up by 25% y-o-y) with 33 sugar plants running in 2021. Astarta retained its leading position in the Ukrainian sugar market with a 22% share.

During 2020 and 2021 there were no changes in the composition of the Directors of the Company.

The Directors of the Company are remunerated according to the Remuneration Policy adopted on 28 May 2021. The Company shall not make any payments as remuneration to the members of the Board of Directors, whether annual payments, periodical payments/rewards, payments payable on a certain term, entitlements to profits, bonuses or pension payments, whether in cash or in kind, other than in accordance with the Remuneration Policy.

As previously reported the Company is a holding company with all production assets situated in Ukraine. Considering this fact, the Executive Directors A shall be involved in the operational process in Ukraine, therefore the operational management of the Company is carried out at the sub-holding level – by the management of LLC Firm "Astarta-Kyiv". Thus, the Company defines management remuneration - (i) for directors who do not take part in the operational management (the Executive Directors B and the Non-Executive Directors), and (ii) for directors who take part in the operational management (the Executive Directors A).

Total remuneration

The remuneration policy seeks to enable members of the Board of Directors to receive market competitive levels of remuneration. To this end, the Company uses principles regarding total remuneration that are competitive, comparable to and consistent with the practice in the agricultural industry on a comparable market, as well as in reasonable relation to the Company's operating results.

Members of the Board of Directors who do not take part in a day-to-day operational activity of the Company can receive remuneration in the form of an annual fixed remuneration and are not entitled to any variable performance-related remuneration.

Those members of the Board of Directors (Executive Directors A) who take part in a day-to-day operational activity of the Company, can receive remuneration package consisting of an annual fixed and variable remuneration. The Remuneration Committee performs scenario analysis to assess the impact that different performance levels will have on the total remuneration of the Executive Directors A in amount of variable part.

Annual fixed remuneration

Annual fixed remuneration is set in the Remuneration Policy range by the Board of Directors upon proposal of the Remuneration Committee. Annual fixed remuneration is usually reviewed annually, without any commitment to increase, after adoption of the annual accounts.

On 28 May 2021, in accordance with Remuneration Policy dated 28 May 2021 year the Board of Directors approved and ratified the remuneration of the Chairman of the Board at EUR75,000 per year, Non-executive director at EUR40,000 per year, Chief Corporate officer at EUR40,000 per year for financial year 2021.

The Executive Directors A shall be remunerated by its subsidiary LLC Firm "Astarta-Kyiv". Thus, the Board of Directors approved the following recommended fixed remuneration of Executive Directors A for 2021: Mr. Ivanchyk, CEO – equivalent of EUR360,000 and Mr. Gladky, CFO – equivalent of EUR276,000.

The abovementioned resolutions are approved based on the Remuneration Policy, the results of examination of the consolidated financial statements as at and for the year 2020 approved by the General Meeting of Shareholders as well as upon the Remuneration Committee's proposals dated 28 May 2021.

Remuneration of the Executive and Non-Executive Directors for reported financial years

all in EURk

Director's name	Position	Financial year	Fixed remuneration		Variable remuneration		Total remuneration	Proportion of fixed and variable remuneration
			Base salary	Reimbursable expenses	One-year variable*	Multi-year variable**		
Viktor Ivanchyk	Executive Director A (Chief Executive Officer)	2021	382	-	360	-	742	51% / 49%
		2020	360	-	-	-	360	100% / 0%
Viktor Gladky	Executive Director A (Chief Financial Officer)	2021	271	-	240	-	511	53% / 47%
		2020	240	-	-	-	240	100% / 0%
Marc van Campen	Executive Director B (Chief Corporate Officer)	2021	40	-	-	-	40	100% / 0%
		2020	40	-	-	-	40	100% / 0%
Howard A. Dahl	Non-Executive Director (Chairman of the Board of Directors)	2021	75	-	-	-	75	100% / 0%
		2020	75	-	-	-	75	100% / 0%
Gilles Mettetal	Non-Executive Director	2021	40	-	-	-	40	100% / 0%
		2020	40	-	-	-	40	100% / 0%
Arslan Huseyin	Non-Executive Director	2021	40	-	-	-	40	100% / 0%
		2020	40	-	-	-	40	100% / 0%

** The one-year variable remuneration consists of the annual bonus which is recognised as an expense in the year that the Board of Directors decides that the bonus will be paid based on the performance of the previous financial year. The STI outcome for Net Profit and EBITDA as estimated as of 31 December 2020 and disclosed in the Group's Remuneration report for 2020, amounted to 150% and 138% of fixed remuneration, respectively. Following the decision made by the Board of Directors based on recommendations of the Remuneration Committee in the respective meeting held in May 2021, the actual STI payments were reduced to 100% of fixed remuneration for the financial year ended 2020 for both, Victor Ivanchyk and Viktor Gladky.*

*** The multi-year variable remuneration relates to the performance of LTI targets*

Additionally, expenses on the LTI plan (Multi-year variable) for the year ended 31 December 2021 were accrued for Mr.Ivanchyk in the amount of EUR 600 thousand and for Mr. Gladky in the amount of EUR 415 thousand (2020: no expenses were accrued). These expenses are not part of total 2021 remuneration in the table above, as these LTI awards were not received by management. Total remuneration including accrual for multi-year variable for Mr.Ivanchyk resulted in amount of EUR 1,342 thousand and for Mr. Gladky resulted in amount of EUR 926 thousand for 2021 (2020: for Mr.Ivanchyk in amount of EUR 360 thousand and for Mr. Gladky in amount of EUR 240 thousand).

VARIABLE REMUNERATION

As the Company is public, it is essential that the Company can attract and retain qualified officers to the Board of Directors. Equally, their performance should be focused on achieving those strategic aims which promote the business of Astarta, safeguard and create sustainable long-term value through the achievements of operating goals. Therefore, annual remuneration of the Executive Directors A who take part in a day-to-day operational activity of the Company should reflect performance of Astarta. The total value of remuneration that can be earned rises with the level of performance that is delivered. For this purpose, the Company includes a variable part into the annual remuneration of Executive Directors A. The Company expects that variable compensation will represent between 0% and 80% (depending on whether relevant goals are achieved) of total remuneration of the Executive Directors A. The remuneration structure serves as a motivation for Executive directors A to achieve high results in development of the business that are in line with the long-term interests of the Company and its shareholders.

According to the Remuneration Policy variable remuneration of the Executive Directors A is affected by short-term (STI) and long-term incentives (LTI). The STI is designed to give focus to a range of strategically important annual objectives for a one-year performance period. Collectively, these objectives are targeted to deliver a level of performance which is in line with operational plans, that are vital to create value in the long term. They do not incentivize undue risk-taking or other behaviours which are contrary to the Company's interests. Under the STI, Executive directors A are granted opportunities to earn cash bonuses based on the level of achievement of Net profit and EBITDA metrics for the applicable annual performance period. Measures will normally be weighted as 50% for Net profit and 50% for EBITDA. These metrics are used or defined in the Company's annual report and annual remuneration report, subject to minor adjustments if required, in order to provide an appropriate indicator of management's performance. On 28 May 2021 the Board of Directors acting on the recommendation of the Remuneration Committee set the following performance ranges for the financial year 2021: (i) up to 150% of fixed remuneration, payout will be made if Net profit is no less than EUR25m and EBITDA is no less than EUR115m; (ii) intermediate percentage payments will be made if Net profit is no less than EUR0m and EBITDA is no less than EUR95m; (iii) no payouts will be made if Net profit is less than EUR0m and EBITDA is less EUR95m. Correlation between the performance ranges and variable remuneration of the Executive Directors A based on the STI in the reported financial year is presented in the table below. The STI is paid in cash when performance over the previous year has been assessed, at which time the conditional grant is vested. A decision regarding the STI payment will be made by the Board of Directors based on recommendations of the Remuneration Committee in the respective meeting in 2022.

Performance of the Executive Directors A on STI targets in reported financial year

				Information on performance targets		
Director's name	Position	Metric	Relative Weighing	a) Minimum target / threshold b) Corresponding award	a) Maximum target / threshold b) Corresponding award	a) Measured performance b) Actual award outcome
Viktor Ivanchyk	Executive Director (Chief Executive Officer)	Net profit	50%	a) less than EUR0k b) 0%	a) not less than EUR25,000k b) 150%	a) EUR122,491k b) 150%
		EBITDA	50%	a) less than EUR95,000k b) 0%	a) not less than EUR115,000k b) 150%	a) EUR201,459k b) 150%
Viktor Gladky	Executive Director (Chief Financial Officer)	Net profit	50%	a) less than EUR0k b) 0%	a) not less than EUR25,000k b) 150%	a) EUR122,491k b) 150%
		EBITDA	50%	a) less than EUR95,000k b) 0%	a) not less than EUR115,000k b) 150%	a) EUR201,459k b) 150%

The Company's LTI is designed on give focus to the strategic priorities that will contribute to building sustainable long-term value creation. By making awards in equity of the Company, alignment is created between the Board of Directors and shareholders. The long-term performance is stimulated through the opportunity for the members of the Board of Directors, namely Executives Directors A, to get shares following achievement of key ROE (Return on Equity) goal which is measured for a three-year period. Such incentive is a subject to prior approval of the Board acting on the recommendation of the Remuneration Committee. The Board of Directors acting on the recommendation of the Remuneration Committee determined average ROE in the amount of 7% as a LTI target for performance period 2020-2022. Award payouts range from 0% to 200% of the target number of shares. According to the Remuneration Policy maximum amount of remuneration related to the STI and LTI targets is 80% of the total remuneration. It is expressed in proportion as fixed part to variable part 1:4 or, in other word, variable compensation amounts 4 fixed parts. As the STI part cannot exceed 150% of the fixed remuneration the ceiling for the LTI part is calculated in the following way: (4 - 1.5) = 2.5 fixed parts or 250% of fixed remuneration. Thus, the maximum number of performance-related shares (200% of the target number of shares) is determined by dividing of the amount of the LTI remuneration (250% of fixed salary) by the actual share price. Once the performance period has ended, the Remuneration Committee assesses the extent to which the targets have been met and what part of the shares should vest. The number of shares to vest is adjusted for dividends that have been paid to shareholders over the three-year performance period. Executive Directors A are vested with the performance-related shares only from the treasury shares without any additional issue. In total, the performance share plan covers five financial years, as any vested shares must be retained by the relevant Directors for a further two financial years.

Number of performance-related shares

	Plan	Performance period	Offer date	Award date	Vesting Date	End of holding period	Share balance at January 1, 2021	Awarded in 2021	Vested in 2021	Share balance at December 31, 2021
Viktor Ivanchyk Executive Director A (Chief Executive Officer)	LTI 2020-2022	2020-2022	May 2020	May 2023*	May 2023	May 2025	-	-	-	-
Viktor Gladky Executive Director A (Chief Financial Officer)	LTI 2020-2022	2020-2022	May 2020	May 2023*	May 2023	May 2025	-	-	-	-

** Based on the actual performance as of 31 December 2021 the estimated potential maximum LTI awards amounted to 250% of fixed remuneration or to EUR900 thousand and EUR 690 thousand for Mr.Ivanchyk and Mr. Gladky respectively.*

The Company believes that the goals for the STI and LTI described above contribute to the achievement of the Company's strategic and long-term goals, and the Company's long-term viability as a business, by allowing the Company to attract high-caliber executives who share the Company's long-term goals and values.

Comparative information on the remuneration and the Company performance over the last five financial years

In compliance with point (b), paragraph 1 of Article 9b of the EU Directive on long-term shareholder engagement and Art. 2:135b of the Dutch Civil Code Astarta presents below: the annual change of remuneration of Executive Directors A, the performance of the Company and the average remuneration on a full-time equivalent basis of the Company's employees over at least five most recent financial years.

Annual change	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	Information regarding 2021, thsEUR
Total remuneration of Executive Directors A						
Viktor Ivanchyk, Chief Executive Officer	31%	-1%	-50%	2%	106%	742
Viktor Gladky, Chief Financial Officer	43%	-10%	-51%	-13%	113%	511
Total remuneration of Executive Directors B						
Marc van Campen, Chief Corporate Officer	14%	9%	-8%	0%	0%	40
Total remuneration of Non - Executive Directors						
Howard A. Dahl, Chairman of the Board of Directors	n.a.	7%	-11%	-6%	0%	75
Gilles Mettetal, Non-Executive Director	n.a	n.a	-3%	-9%	0%	40
Arslan Huseyin, Non-Executive Director	n.a	n.a	n.a	0%	0%	40
Company performance						
Net profit	-25%	-130%	109%	409%	1323%	122 491
EBITDA	-21%	-47%	23%	46%	78%	201 459
Average remuneration on a full-time equivalent basis of employees						
Employees of the Company	0%	0%	0%	0%	0%	-
Employees of the Group	42%	12%	19%	9%	15%	7,5

**Employees of the Company are only Directors*

PAY RATIO

The pay ratio compares the total remuneration of the CEO against the average remuneration of Astarta's employees, calculated as an average of all employees as of December 31, 2021. In respect of 2021, the ratio is 98.9 (2020: 55.4). The pay ratio change in the reported financial year was caused by the increase of the average remuneration of full - time employees from EUR6.5k per year to EUR7.5k per year or by 15%. At the same time total remuneration of the CEO increased by 106%. LTI remuneration is excluded from the pay ratio calculation.

LOANS AND GUARANTEES

The company does not grant loans, advance payments or guarantees to members of the Board of Directors or any family member of such persons.

REMUNERATION POLICY

The Board of Directors has evaluated the Remuneration Policy. It has considered the input from stakeholders and the requirements of the engagement EU Directive on the encouragement of long-term shareholder engagement (SRD II) and in accordance with Art. 2:135b of the Dutch Civil Code. As a result, amended and restated Policy was approved at the AGM dated 28 May 2021. It became effective from 1 January 2020 (retroactively). The Policy must be resubmitted to the general meeting of shareholders for approval at the 2025 annual general meeting of shareholders. The Remuneration Report 2020 was submitted to the 2021 AGM for its advisory vote, and the meeting unanimously approved the report.