

Whereas remuneration paid to Executive Directors by virtue of their executive office (as opposed to membership of the Board) is not subject to the maximum aggregate limit stipulated under Article 81 as described above, at the Annual General Meeting of the Company all shareholders are given full opportunity to comment on all aspects of the Annual Report, including the Corporate Governance Statement and the Remuneration Report, and these comments and views are taken into account by the Board in developing policy.

As noted above and pursuant to the requirements of Listing Rule 12.26A, this Remuneration Policy will be submitted to the forthcoming Annual General Meeting for consideration and a vote by the Shareholders. In subsequent years (with effect from Financial Year 2021), pursuant to the requirements of Listing Rule 12.26K to 12.26N, a Remuneration Report providing full details of all remuneration paid to all Directors will be included as part of the Annual Report and will be subjected to a vote by the Shareholders at each Annual General Meeting. The contents of the Remuneration Report will be in full conformity with the requirements as set out in Listing Rule Appendix 12.1.

73rd ANNUAL GENERAL MEETING  
8 OCTOBER 2020

**REMUNERATION POLICY FOR DIRECTORS**

**17 SEPTEMBER 2020**

The following Directors' Remuneration Policy for Simonds Farsons Cisk plc (the Company) is being submitted for consideration and (if thought fit) approval by the Shareholders in General Meeting pursuant to the requirements of Listing Rule 12.26A to 12.26J. Once approved, the Remuneration Policy shall be re-submitted to the Shareholders for approval whenever it is proposed that any material amendment be made thereto, and, in any event, at least every four years from the date of last approval.

The strategy of the Farsons Group is founded on creating and nurturing world class brands which inspire the trust and loyalty of consumers; championing customer relationships and building meaningful partnerships; engaging talent and empowering employees to deliver sustainable and quality driven operations; connecting with the community and embracing our social and environmental responsibilities; providing a fair return to shareholders so as to ensure long-term investment and profitable growth. It is believed that it is through the implementation and observance of the above principles that the Group will accomplish the vision of growing its local and international business within the food and beverage sector.

In order to achieve the above strategic outcomes, it is necessary that the Farsons Group attracts, retains and motivates the best available talent at all levels – from the most recently recruited trainee to members of the Board of Directors.

In order to be successful in this quest of attracting, retaining and motivating best in class talent, it is essential that the Group's Remuneration Policy provides market-competitive salaries and related benefits by reference to those provided by other entities operating in relevant and comparative market sectors. There is therefore a clear synthesis in the pay structures of the wider workforce and executives across the Group, and the Board believes that this approach serves the best long-term interests of all stakeholders.

The above principles apply equally to Remuneration Policy insofar as Directors are concerned. However, there is a need to distinguish between Executive and Non-Executive Directors, and further details are provided below.

In terms of Articles 93 to 98 of the Memorandum and Articles of Association of the Company, every Shareholder owning 12.5% (or more) of the ordinary issued share capital of the Company shall be entitled to elect one Director to the Board for each 12.5% of the issued share capital of the Company held by them. Directors so elected hold office for a period of three years. The remaining Directors are elected to the Board by the Shareholders in General Meeting, and their tenure extends from one Annual General Meeting to the next.

## Executive Directors

Executive Directors are members of the Board who also have an executive role in the day to day management of the Company and the Group. For the purposes of this Remuneration Policy and pursuant to Listing Rule 12.2A, the Chief Executive Officer is considered to be an Executive Director of the Company.

Insofar as Executive Directors are concerned, remuneration is made up of the following components:

- Fixed or Base salary (including statutory bonus) - established by reference to the role, skills and experience of the individual concerned and market comparatives.
- Performance bonus – a variable component established by reference to the attainment of pre-established quantitative targets.
- Discretionary bonus – also a variable component, established by reference to the evaluation of qualitative goals which are reviewed from time to time.
- The variable components to the remuneration awarded to Executive Directors are established from year to year and the quantitative and qualitative targets included therein would change from time to time depending on the circumstances of the business. Typically, targets directed towards the long-term interest and sustainability of the Company and the Group would include, but are not limited to, the achievement of set profit or EBITDA goals, the implementation of specific business, capital expenditure, environmental and other CSR goals and staff retention initiatives. There are no pre-set fixed relationships between fixed and variable remuneration – and these would vary between Executive Directors (and indeed senior management). Whereas quantitative awards are usually formulaic in their calculation, discretionary and qualitative awards necessarily involve the application of subjective judgment. With effect from Financial Year 2021, the Remuneration Report will include disclosure of the differing components and proportions of remuneration by individual Director, as required by Appendix 12.1 of the Listing Rules.
- There are no claw-back provisions in respect of variable salary awards.
- Benefits – which would comprise those benefits normally available to senior executives comprising principally (a) the provision of a suitable (taxed and insured) company car, (b) standard executive health insurance and life assurance cover, (c) mobile phone and allowance (d) other incidental benefits. Executive Directors also receive a expense allowance in reimbursement of certain expenses incurred in the execution of their respective roles and duties.
- Executive Directors are also entitled to receive the fixed Directors fee payable to all Directors in their capacity as members of the Board (see below). This component is payable from the aggregate amount of emoluments approved by the Shareholders in General Meeting.

The Board believes that the above components of Executive Director remuneration serve to contribute to the realization of the Group's long- term strategy and interest – and also serve to secure alignment between the interests of the Executive Directors and that of the Shareholders.

To date it has not been the policy of the Group to introduce any form of share option scheme or other executive share awards.

With the exception of the Chief Executive Officer (CEO), Executive Directors are all engaged without fixed term contracts. In terms of current labour regulations all are regarded as employees on indefinite contracts. Subject to satisfactory performance, the CEO is engaged on a (renewable) three-year contract.

With the exception of the Executive Chairman, no long-term pension plans are in place. Insofar as the Executive Chairman is concerned, in view of his 40+ years of service to the Group, the Board has (on the recommendation of the Remuneration Committee) approved arrangements whereby his wife would receive a deferred life time annuity in the sum of approximately €60,000 per annum in the event that the Chairman pre-deceases her.

## Non-Executive Directors

Non-Executive Directors are those members of the Board who do not have a role in the day to day executive management of the Company and the Group. Remuneration for Non-Executive Directors is determined by the Board of Directors as a whole and takes into account the skills required and those levels prevailing in the market for entities of a similar size and complexity. The remuneration payable to Non-Executive Directors from the aggregate amount of emoluments approved by Shareholders in General Meeting has two components:

- A fixed or base Director's fee which is established by reference to those levels prevailing in the market for entities of a similar size and complexity.
- A Board Committee fee for membership of the various established Board Committees (eg Audit Committee, Remuneration Committee, etc). These Board Committee fees vary between Committees depending upon the relative workload and time commitment involved, and the skill sets, experience and professional knowledge required for the particular Committee concerned.

Non-Executive Directors are not entitled to any contractual pension, termination or retirement benefits. However, they may be reimbursed certain expenses incurred in the discharge of their responsibilities and receive a fixed (use of) car allowance.

From time to time circumstances arise whereby the Board of Directors is faced in a particular year with significantly higher and complex workloads than would be the norm. Board members have in the past been awarded an additional fixed fee on an exceptional basis in recognition of these circumstances. Such additional award would fall to be within aggregate approved amount by the general meeting in terms of Article 81(1) of the Articles of Association of the Company.

## The Remuneration Committee

The Remuneration Committee (which is made up entirely of Non-Executive Directors) is responsible for reviewing and approving all remuneration packages (both fixed and discretionary) relating to Executive Directors. The recommendations of the Remuneration Committee in this regard are submitted to the full Board for final approval. Individual Executive Directors recuse themselves from any participation as appropriate.

The Remuneration Committee was also responsible for drawing up and proposing this Directors' Remuneration Policy to the Company's Board of Directors for its consideration and approval.

## Shareholder Involvement and Next Steps

Pursuant to Article 81 of the Memorandum and Articles of Association of the Company, remuneration (emoluments) payable to Directors in lieu of their membership of the Board of Directors is always subject to the maximum aggregate limit approved by the Shareholders in General Meeting.