

KERNEL HOLDING S.A.

Société anonyme

R.C.S. Luxembourg: B 109173

Registered office: 8A, Boulevard Joseph II, L-1840 Luxembourg

CORPORATE GOVERNANCE CHARTER

as adopted by the Board of Directors on

22 May 2018

and as amended by the Board of Directors on

19 June 2019, 30 December 2020, and 18 October 2022.

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1. PREAMBLE

The present Corporate Governance Charter (the “**CG Charter**”) aims at specifying, highlighting and developing the core system of the corporate governance of Kernel Holding S.A. (the “**Company**” or “**Kernel**”) and selected items in the corporate governance approach of the Company and its subsidiaries (together the “**Group**”) based on the Company’s articles of association (the “**Articles of Association**”) and in compliance with the provisions of the code of corporate governance “Best Practices for WSE Listed Companies 2021” that applies to the Company as a result of its shares being listed and admitted to trading on the regulated market of the Warsaw Stock Exchange. Additionally, being organized under the Law of Grand Duchy of Luxembourg, the Company decided to voluntarily comply with most of the provisions of the X Principles of Corporate Governance of the Luxembourg Stock Exchange. A valid version of the CG Charter shall remain available on the Company’s website (www.kernel.ua).

The Company contemplates to become the leader of global agriculture and to make the Black Sea region a key supplier of agricultural products to the world. In pursuing these objectives, the Company continually seeks to uphold the highest standard of corporate governance to safeguard the interests of all its stakeholders.

The present CG Charter has been adopted by the board of directors of the Company (the “**Board of Directors**” or the “**Board**”) on 22 May 2018 and further amended on 6 June 2019, 30 December 2020, and 18 October 2022, as a complement to the Company’s legal and regulatory obligations, its Articles of Association, and its internal regulations. The Board of Directors undertakes to review the present CG Charter as often as necessary to ensure that the CG Charter accurately reflects the Company’s corporate governance framework and remains consistent with the Board of Directors’ objectives and responsibilities.

For the avoidance of doubt, in case of any discrepancy and/or inconsistency between the Articles of Association and the present CG Charter, the former shall prevail.

The Company’s annual report will include a statement explaining how it has applied its corporate governance principles during the applicable accounting period. The report should also indicate reasons why certain corporate governance principles have not been applied or have been applied accordingly, particularly due to Company being organized under the Laws of Luxembourg and because of its single board structure as opposed to the two-tier system assumed by “Best Practices for WSE Listed Companies 2021”. Additional factual information with regard to Kernel’s corporate governance is provided in Company’s annual report (the “**Annual Report**”).

All matters not expressly governed by the present CG Charter and/or the Articles of Association are to be construed in accordance with the Luxembourg law of 10 August 1915 on commercial companies, as amended (the “**1915 Law**”) and with the Luxembourg law of 24 May 2011 implementing the Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (the “**2011 Law**”, together with the 1915 Law collectively referred to as, the “**Luxembourg Laws**”).

The provisions of the present CG Charter entered into force on 22 May 2018 (with further amendments) and they shall not be applied retroactively. All corporate governance related matters prior to the adoption of this CG Charter are regulated by the Articles of Association.

2. MAIN CHARACTERISTICS OF KERNEL

Kernel is a public company (*société anonyme*) organised and existing under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies’ Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 109173, and having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg.

The Company is managed by the Board of Directors and the daily management of the Company's operating subsidiaries lies with the Executive Management Team (as defined and further described in section 6 of the present CG Charter).

The Company has a single class of shares. Shares may be issued in bearer or registered form. All shares carry voting rights on a one vote per share basis, except for the shares purchased and retained by the Company or its subsidiaries.

Details of individuals holding five per cent (5%) or more of the capital of the Company, to the extent that such details are known by the Company, are published in the annual report and on the Company's website.

The shares of the Company are listed on the main market of the Warsaw Stock Exchange which is a regulated market within the meaning of Directive 2014/65/EC of the European Parliament and of the Council on markets in financial instruments, as amended.

The shares are freely transferable, subject to the provision of applicable laws, the Articles of Association, and the present CG Charter. All rights and obligations attached to any share are passed to any transferee thereof.

3. GENERAL MEETINGS OF SHAREHOLDERS

A general meeting of shareholders has the broadest powers to order, carry out or ratify all acts relating to the operations of the Company. Resolutions passed by such meetings are binding for the Company.

The Board encourage the engagement of shareholders in matters of the Company, in particular through active participation in the general meeting of shareholders. The general meeting proceeds by respecting the rights of shareholders and ensuring that passed resolutions do not infringe on reasonable interests of different groups of shareholders.

Shareholders who participate in a general meeting should exercise their rights in accordance with the rules of good conduct.

Members of the Board participate in a general meeting as necessary to answer questions asked at the general meeting. The Board presents to participants of an annual (ordinary) general meeting the financial results of the Company and other relevant information contained in the financial statements to be approved by the general meeting, by publishing it on the Company website. If a shareholder requests information about the Company, the Board shall provide an answer to the shareholder's request within 30 days or inform the shareholder of its refusal to provide such information where the Board has made such decision.

3.1. Types of meetings

The annual (ordinary) general meeting of shareholders (the “**Annual General Meeting**”) is held in Luxembourg on 10 December at 3 p.m., or the next following business day should such date be a legal holiday, at the place specified in the convening notice.

All members of the Board of Directors shall be invited to attend the Annual General Meeting.

Extraordinary meetings of shareholders may be called by the Board of Directors at any time. Upon request of shareholders representing at least ten per cent (10%) of the subscribed share capital, an extraordinary meeting of shareholders shall be called by the Board of Directors in accordance with Luxembourg Laws.

3.2. Convening notice and agenda

The convening notice must contain at least the following details:

- (i) Precise indication of the proposed agenda of the meeting, the place, date and time of the meeting;
- (ii) A clear and precise description of the procedures that shareholders must comply with to be able to participate and cast their votes in the general meeting. Such description must include:
 - a) the rights of shareholders to include points to the agenda and table draft resolutions and where applicable, the deadline by which those rights may be exercised and the electronic address to which shareholders should send their requests,
 - b) the procedure for voting by proxy, including the forms to be used and the means by which the Company is prepared to accept electronic notifications of the appointment of proxyholders, and
 - c) whether shareholders are entitled to (1) participate in meetings from a remote location by electronic means or (2) vote through voting forms;
- (iii) a statement of the record date, as defined in article 5 of the 2011 Law, and the manner in which shareholders have to register, and a statement that only those who are shareholders on that date shall have the right to participate and vote in the meeting;
- (iv) the postal and electronic addresses where, and how, it is possible to obtain the full text of the documents and draft resolutions;
- (v) the address of the website where for a continuous period starting on the day of publication of the convening notice (and including the day of the meeting) the following information (at a minimum) has to be made available by the Company:
 - a) the convening notice;
 - b) the total number of shares and voting rights at the date of the convening notice;
 - c) the documents to be submitted to the general meeting of shareholders;
 - d) the draft resolutions, or where no resolution has been proposed for adoption, a comment from the Board of Directors for each item of the proposed agenda and any draft resolution(s) submitted by shareholder(s) (in accordance with the above) shall be added to the Company's website as soon as possible after the Company has received them; and
 - e) the forms for voting by proxy or by correspondence, unless these have been sent directly to each shareholder.

The convening notice for any general meeting of shareholders shall be (i) sent to the shareholders, the Directors and the external independent auditor (ii) filed with the Polish Financial Supervision Authority, (iii) filed with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*), and (vi) published (A) in the Luxembourg *Recueil électronique des sociétés et associations* (Memorial C), (B) in a Luxembourg newspaper, and (C) on the Company's website at least thirty (30) days prior to the meeting. A notice period of at least seventeen (17) days applies in case of a second or subsequent convocation of a general meeting convened for lack of quorum required for the meeting convened by the first convocation, provided that no new item has been put on the agenda.

If the Board becomes aware a general meeting being convened by members of the Board, the Executive Management Team, upon request of shareholders representing at least ten per cent (10%) of the subscribed share capital or any other entitled entities, the Board shall immediately take steps which it is required to take in order to organise and conduct the general meeting.

One or more shareholders holding together at least five per cent (5%) of the Company's issued share capital, may:

- (i) request that one or more items be added to the agenda of any general meeting of shareholders; or
- (ii) table draft resolutions for items included or to be included on the agenda of the general meeting of shareholders.

Such request must be sent to the Company's registered office in writing by registered letter or electronic means to ir@kernel.ua and must be received by the Company at least twenty-two (22) days prior to the date of the general meeting. The request shall include the postal or electronic address of the sender and in each case, it shall be accompanied by a justification or a draft resolution to be adopted by the general

meeting of shareholders. The Company will confirm the receipt of the request within forty-eight hours of such receipt. Where the request entails a modification of the agenda, the Company will make available a revised agenda at least fifteen (15) days prior to the date of the relevant general meeting in accordance with the formalities set out in paragraph 2 of this section 3.2 above.

If all shareholders are present or represented at a general meeting of shareholders and state that they have been informed of the agenda of the meeting, the general meeting of shareholders may be held without prior notice.

The Company ensures that potential cancellation of a general meeting, change of its date or break in its proceedings do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting. A break in the proceedings of the general meeting may only take place in special cases, defined at each time in the justification of the resolution announcing the break, drafted on the basis of reasons provided by the shareholder requesting the break. A resolution of the general meeting announcing a break should clearly set the date and time when the proceedings recommence, and such date and time must not be a barrier for most shareholders, including minority shareholders, to participate in the continuation of the proceedings.

3.3. Attendance and voting at shareholders meetings

The record date (the “**Record Date**”) for the participation in general meetings of shareholders is set at 24:00 o'clock (Luxembourg time) on the fourteenth (14th) day preceding the date of the relevant general meeting. Any shareholder who holds one or more share(s) of the Company at the Record Date shall be authorised to attend and to vote at the relevant general meeting of shareholders.

Any shareholder who wishes to attend the general meeting must inform the Company thereof at the latest on the Record Date, in a manner to be determined by the Board of Directors in the convening notice. In case of shares held through an operator of a securities settlement system or with a professional depository or sub-depository designated by such depository, a holder of shares wishing to attend a general meeting of shareholders should receive from such operator or sub-depository a certificate certifying the number of shares recorded in such shareholder's securities account on the Record Date. The certificate should be submitted to the Company at its registered address no later than three (3) business days prior to the date of general meeting to the extent applicable. If the shareholder votes through proxies, the proxy has to be sent by registered mail to the Company's registered office or by electronic means to the address indicated in the convening notice within the aforementioned notice period. The Board may set a shorter period for the submission of the certificate or the proxy.

Any shareholder who cannot physically attend the meeting may act in the general meeting:

- (i) by appointing another person, which needs not be a shareholder, as his/her/its proxy in writing either (a) via a proxy form made available by the Company on its website (www.kernel.ua) together with the convening notice, the voting form and any other relevant documents in relation to the pertaining general meeting of shareholders, or (b) by a signed document transmitted by mail, facsimile, electronic mail or by any other means of communication prior to the general meeting, a copy of such appointment being sufficient proof thereof.

One person may represent several or even all shareholders.

The instrument appointing a proxy shall be in writing under the hand of (a) the appointor or (b) of his attorney duly authorised in writing or, if the appointor is a company, under its common seal or under the hand of a duly authorised officer or attorney.

Where shares are registered in the name of or held by a European central securities depository or an affiliated institution, a shareholder may submit a written declaration via its participant of

affiliated institution which shall constitute an instruction appointing a proxy from the relevant registered shareholder confirming that the number of shares mentioned in each written declaration form part of a collective deposit and that the person mentioned in the declaration is a participant for the mentioned number of shares in the collective deposit and shall be entitled to exercise all rights attached to those shares and voting rights as a proxy in respect of such shares at the relevant general meeting of shareholders of the Company provided further that such participant shall be entitled to delegate his proxy to a third party by delivering such form of proxy executed in writing in accordance with the Articles of Association.

- (ii) by sending a completed and signed voting form by mail, facsimile, electronic mail, or by any other means of communication to the Company's registered office or to the address specified in the convening notice. Voting forms shall be made available by the Company on its website (www.kernel.ua) together with the convening notice, the proxy forms and any other relevant document in relation to the pertaining general meeting.

Such voting forms shall contain at least the following:

- the name and address or registered office, as applicable, of the shareholder;
- the number of votes the shareholder wishes to exercise and the direction of voting as well as any abstentions;
- the form of the shares held by the shareholder;
- the place, date and time of the meeting, the agenda of the meeting, the proposals submitted to the resolution of the meeting as well as, for each proposal, three boxes allowing the shareholder to vote in favour of or against the proposed resolution or to abstain from voting thereon by marking the appropriate box with a cross or an electronic cross;
- the ultimate date for the sending the completed voting forms to the Company; and
- the signature of the shareholder.

The Company will only take into account voting forms received prior to the general meeting of shareholders which they relate to.

- (iii) via electronic voting where such means of voting is made available by a European central securities depository or an affiliate institution or the operator of a securities settlement system or a professional depository or sub-depository designated by such depository. The aforementioned entities may issue a summary of the votes for the given general meeting of shareholders via their system, including a proxy to the chairman of the meeting, in the form of a spread sheet or otherwise, as the Board may see fit, setting out the votes in favour of or against the proposed resolutions or to abstain from voting.
- (iv) by conference-call, video conference or by any other means of communication which allow such shareholder's identification, and which allow that all the persons taking part in the meeting hear one another on a continuous basis and may effectively participate in the meeting, provided that the Board has put in place such facilities for a given meeting. Any shareholder who participates in such a way is deemed to be present for the computation of quorum and majority.

The Board may determine all other conditions which must be fulfilled by shareholders in order to attend a meeting of shareholders and to vote. Such conditions must be mentioned in the convening notice for the relevant general meeting of shareholders.

The Company shall endeavour that draft resolutions of the general meeting contain a justification, if it helps shareholders to pass a resolution with adequate understanding. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the Board or the chairman of the general meeting shall request presentation of the justification of the proposed resolution. In important matters and matters which may give rise to any doubt of shareholders, the Company shall provide a justification, unless

it otherwise provides the shareholders with information necessary to pass a resolution with adequate understanding.

The general meeting of shareholders shall designate its own chairman who shall preside over the meeting. The chairman shall designate a secretary who shall keep minutes of the general meeting of shareholders.

Each share is entitled to one vote at all general meetings of shareholders, except for the shares purchased and retained by the Company or its subsidiaries.

Unless otherwise provided by the Luxembourg Laws, the resolutions of the general meeting are passed by a simple majority vote of the shareholders present or represented.

Presence of representatives of the media is allowed at general meetings of shareholders.

A resolution of the general meeting concerning an issue of shares with subscription rights shall specify the issue price or the mechanism of setting the price or authorise the competent governing body to set the price prior to the subscription right record date within the timeframe necessary for investors to make decisions.

A resolution of the general meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfilment takes place before the dividend record date.

A resolution of the general meeting to split the nominal value of shares shall not set the new nominal value of the shares below equivalent of PLN 0.50.

4. THE BOARD OF THE COMPANY

4.1. Roles and responsibilities of the Board of Directors

Pursuant to the applicable law and the Articles of Association, the Company is managed by the Board of Directors, which is the ultimate decision-making body, except for the powers reserved for the general meeting of shareholders by the 1915 Law, the Articles of Association and the present CG Charter.

The Board is vested with the broadest powers to perform all acts of administration and disposition in compliance with the Company's corporate purpose. The Board resolves to take its decisions objectively, in the best corporate interest of the Company. The Board is accountable to the shareholders for the proper conduct of the business, the long-term success of the Company, the effectiveness of the reporting system and the corporate governance framework. The Board is responsible among others for the Company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the Company's efficiency and safety.

The Board also attributes specific duties and tasks to various committees and/or working groups ("**Committees**") as further described under section 5 of the present CG Charter.

The internal division of responsibilities for individual areas of the company's activity among Board members shall be clear and transparent, and a chart describing that division shall be made available on the Company's website.

In furtherance of its responsibilities, the Board shall, *inter alia*:

- ***Strategy and policies***
 - (i) approve and review the overall Company's / Group's strategy and corporate objectives;

- (ii) approve strategic investments, divestments, capital allocation and funding decisions, and other corporate actions having a significant importance for the Company's / Group's strategy execution;
- (iii) approve and review the risk policy;
- (iv) approve and review the remuneration policy;

Proposals on these matters are submitted to the Board by the Executive Management Team.

- ***Governance of the Company***

- (i) oversee of the Company's corporate governance practices;
- (ii) propose the nomination of directors to a general meeting of shareholders, including independent directors;
- (iii) convene a general meeting of shareholders and set the agenda for such general meeting;
- (iv) review and opine on matters to be resolved by the general meeting of shareholders;
- (v) prepare once a year and present to the Annual General Meeting an annual report on the corporate situation;
- (vi) prepare once a year and present to the Annual General Meeting an annual report on the evaluation of its operation after the examination of its composition, its organisation and its effectiveness as a collective body;
- (vii) appoint and dismiss the members of the Committees and review the effectiveness of the Committees;
- (viii) appoint and dismiss the Chief Executive Officer and the Executive Management Team;
- (ix) recommend to a general meeting of shareholders the allocation of profits on an annual and interim basis. The dividend record date and the dividend payment date shall be set so as to ensure that the period between them is not longer than 15 business days, whereas a longer period between these dates requires a justification;

- ***Management supervision***

- (i) review the performance of the Executive Management Team in relation to the Company's operating subsidiaries;
- (ii) review the strategy of the Executive Management Team in relation to the Company's operating subsidiaries:
 - a. review and approve the financial plans and annual budgets;
 - b. approve every investment, divestment, acquisition, disposal and funding transaction exceeding in value 5% of average 12 months trailing daily market capitalization of the Company;
 - c. review the key operating initiatives;
 - d. review the risk reports;
- (iii) approve any material agreement between the Company and its related party(ies), exceeding in value 1% of the average 12 months trailing daily market capitalization of the Company. Notwithstanding any contrary provision, any material agreement between the Company and its related party(ies) must be approved in advance by the Board, with at least one independent director voting in favour of such resolution. Typical transactions made in the ordinary course of business on arm-length basis with entities in which the Company is a majority shareholder or with other parties do not need to be approved by the Board;
- (iv) review and approve the Company's / Group's results (annual, semi-annual, and quarterly reports and operations updates) prior to the publication. Prior to release of financial statements of the Company / the Group, the Board shall be convened to review the results, including issues relating to the general policy and strategy of the Company / the Group;
- (v) review of the supervision of internal controls and the audit function;
- (vi) review and the supervision of the Group's sustainability function performance;
- (vii) supervise the integrity of the accounting and financial reporting system; and

- (viii) review of the Company's / Group's standing (prepared by non-executive Directors) including an assessment of the internal control, risk management and compliance systems and the internal audit function.

The Board actively seeks to have an “engaged culture” which is characterised by candour and a willingness to challenge.

All Directors are equally accountable for the proper stewardship of the Company's affairs. The non-executive Directors have a responsibility for ensuring that the business strategies proposed are fully discussed and critically reviewed.

Every Director shall undertake to dedicate the time and attention required to his duties, and to limit the number of his other professional commitments (especially offices held at other companies) to the extent required for him to be able to fulfil his duties properly. The number of offices held shall depend on the nature, size, and complexity of the company's business. The Company shall publish information on the Directors' appointments within other companies in its annual report and on its website every year. The Director shall keep the Secretary of the Board informed of any subsequent change in her/his commitments.

The Board and its committees may seek advice on the matters relating to the discharge of their duties directly from independent professional (accounting, financial, legal and other) advisors at the Company's expense, to the extent they deem necessary or appropriate.

Without prejudice to the delegation of the power of representation of the Company within the daily management to the Executive Management Team or within other defined missions to specific persons or Committees, the Company shall be bound as far as third parties are concerned by the joint signature of any two (2) Directors, as provided by the Articles of Association.

In addition to its responsibilities laid down in the legislation, non-executive Directors shall assist in preparation and presentation to the general meeting once per year the following:

- (i) a report on the activity of the non-executive Directors containing the following information:
 - a. full names of the non-executive Directors and committees of the Board
 - b. non-executive Directors' fulfilment of the independence criteria;
 - c. number of meetings of the non-executive Directors and committees of the Board in the reporting period; self-assessment of non-executive Directors;
 - d. information about the members of the supervisory board in the context of diversity;
 - e. information regarding the degree of implementation of the diversity policy applicable to the Board of Directors and the Executive Management Team, including the achievement of the diversity goals.
- (ii) an assessment of the Company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the WSE Rules and the regulations on current and periodic reports published by issuers of securities;
- (iii) an assessment of the rationality of the amounts expensed by the Group in support of culture, sports, charities, the media, social organisations, trade unions, etc.

4.2. Composition of the Board

4.2.1. Composition

The Board shall be composed of at least three (3) directors (“**Directors**”) at all times, who need not to be the shareholders of the Company. At least two (2) Directors shall be Independent Directors, as defined in section 4.3 of the present CG Charter.

To ensure the highest standards in efficient fulfilment of their obligations, the Board shall be comprised of persons who represent high qualifications and experience.

Functions on the Board should be the main area of the professional activity of the executive directors. Additional professional activities of Board's executive directors must not require so much time and effort that they could adversely affect proper performance of functions in the Company. The executive Directors may sit on the management board or supervisory board of companies other than members of Company's group only subject to the approval of the non-executive Directors.

The non-executive Directors shall be experienced and influential individuals from a range of different industries and countries. Their mix of skills and business experience shall be a major contribution to the proper functioning of the Board and its Committees. The non-executive Directors must be able to devote the time necessary to perform their duties.

The Nomination and Remuneration Committee (the “**N&R Committee**”), as further described under section 5.2, regularly reviews the composition of the Board to ensure that it has an appropriate, diverse and balanced mix of competences, skills, experience, background, knowledge of the Company's affairs, nationality, age and gender. The Board regularly assesses the adequacy of the size and the composition of the Board upon the initiative of the Chairman of the Board and upon recommendation of the N&R Committee.

4.2.2.Nomination and appointment

Directors are appointed by the shareholders at a general meeting of shareholders based on the nomination from the Board, which considers the recommendations of the N&R Committee. Such general meeting of shareholders shall also determine their number, their remuneration and their term of office. When assisting the Board in nominating the candidates, the N&R Committee:

- (i) considers the necessary skills, competences, knowledge and experience to meet the strategic vision of the Company;
- (ii) assesses the skills, knowledge and experience of the candidates;
- (iii) identifies the missing competences, knowledge and experience of the Board and ensures the selection of candidates who meet such criteria;
- (iv) evaluates how the Board's performance might be enhanced, both at an individual level and at the level of the Board as a whole.

The term of office of a Director may not exceed six (6) years and the Directors shall hold office until their successors are elected. The Directors may be re-elected for consecutive terms of office. The Directors are elected by a simple majority vote of the shares present or represented. Any Director may be removed at any time with or without cause by the general meeting of shareholders.

In the event of a vacancy in the office of a Director because of death, legal incapacity, bankruptcy, resignation or otherwise, this vacancy may be filled out by a person appointed, on a temporary basis and for a period not exceeding the term of the office of the replaced Director, by the remaining Directors (the “**Co-optation**”). Such interim appointment shall be tabled to the next general meeting of shareholders to ratify the interim appointment and to resolve on the permanent appointment (if applicable) in compliance with Luxembourg Laws. The N&R Committee shall assist the Board of Directors in the Co-optation process.

The current composition of the Board is available on the Company's website (www.kernel.ua).

4.3. Directors' independence criteria

In accordance with the Annex II of the European Commission Recommendation no 2005/162/WE of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board in order for a Director to be considered as independent she/he needs to fulfil the following criteria (an “**Independent Director**”):

- (i) the Director is not an executive Director of the Company or of an associated company and has not held such a position over the past (5) five years;
- (ii) the Director is not an employee of the Company or of an associated company and has not held such a position during the past (3) three years;
- (iii) the Director does not receive, and has not received a significant additional remuneration from the Company or an associated company apart from a fee received for his position as Independent Director;
- (iv) the Director is not and does not represent in any way a strategic shareholder holding a ten per cent (10%) or greater stake in the Company;
- (v) the Director does not have, and has not had within the last financial year a significant business relationship with the Company or an associated company, either directly or as a partner, shareholder, director or senior employee of a body having such a relationship;
- (vi) the Director is not, and has not been during the last (3) three years a partner or an employee of the current or former external auditor of the Company or of an associated company;
- (vii) the Director is not an executive or managing director in another company in which an executive Director (or daily manager) of the Company is an Independent Director, and does not have other significant links with one or more executive Director(s) of the Company due to positions held in other companies or bodies;
- (viii) the Director has not been an Independent Director for more than twelve (12) years; and
- (ix) the Director is not a close family member or relative up to the second degree of an executive Director of the Company or persons in the situations referred to in items (i) to (ix) above.

Irrespective of the above, a person who is an employee of the Company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of the total vote in the Company.

Each non-executive director shall annually provide the other members of the Board with a statement of meeting the independence criteria indicated above. The non-executive Directors shall identify any relationships or circumstances which may affect a non-executive Director's fulfilment of the independence criteria. An assessment of non-executive Directors fulfilment of the independence criteria shall be presented in non-executive Directors' report referred to in point 4.1. above.

4.4. Chairman of the Board of Directors

The Board elects from among its members a chairman (the “**Chairman**”). In his absence at a meeting of the Board, the eldest Director shall act as chairman *pro tempore* for the purpose of such meeting.

The Chairman is responsible for the proper and efficient functioning of the Board. The key roles of the Chairman of the Board are to:

- (i) set an appropriate agenda for meetings of the Board;
- (ii) ensure that the procedures relating to Board meetings, the preparation of meetings, deliberations, and for taking and implementing decisions, are correctly applied;
- (iii) encourage open discussions at meetings of the Board with constructive debates; and
- (iv) encourage all Directors to contribute to the discussions and the decision-making.

Towards third parties, the Chairman is the spokesperson of the Board. The Chairman acts as the interface between the Board and the Committees.

4.5. Board meetings

The Chairman shall determine the dates and the agenda for each meeting of the Board on a yearly basis, subject to possible amendments made to it during the year. The Board can also meet upon the call by the Chairman or, in his absence, by the eldest Director acting as chairman *pro tempore*, as often as the interest of the Company so requires. The Board shall meet if so requested by two (2) Directors of the Company.

The Board of Directors may deliberate or act validly only if more than half of Directors are present or represented at the Board meeting. Decisions shall be adopted by a majority vote of the Directors present or represented at such meeting, voting in an open ballot unless otherwise required by law. In the case of a tie in the voting of a specific point, the Chairman or, in his absence, the eldest Director acting as chairman *pro tempore*, shall not have a casting vote and the proposed point is considered as rejected. Directors who vote against a resolution may have their dissenting vote recorded in the minutes.

Any Director may participate in a meeting of the Board by videoconference or similar means of telecommunication allowing his identification. Such means shall comply with technical characteristics guaranteeing an effective participation to the Board whose deliberations are broadcasted continuously. Participating in a meeting by such means shall constitute presence in person at such meeting. The holding of the meeting with such communication means at a distance is reputed to be held at the registered office of the corporation.

Board resolutions can also be taken by circular resolutions but only if adopted unanimously. The signatures of the different Board members may be apposed on several exemplars of the circular resolutions, the entirety of the consents evidencing the adoption of the resolutions. The date of such resolutions shall be the date of the last signature.

4.6. Meeting of the non-executive Directors

The non-executive Directors shall meet without the executive Directors once a year in order to assess the performance of the executive Directors and of the members of the Executive Management Team. Such meetings shall function in the spirit of debate and analyze the position of the Group in the context of the sector and the market on the basis of information provided by the executive Directors and the Executive Management Team, and via the Group's internal systems and functions and obtained from external sources, using the output of Board committees. The non-executive Directors in particular issue opinions on the Group's strategy, verify the work of the Executive Directors and the Executive Management Team in pursuit of defined strategic objectives, and monitor the Company's and Group's performance.

The Company allows non-executive Directors to use professional and independent advisory services necessary to exercise effective supervision in the Company. In their selection of the advisory service provider, the non-executive Directors take into account the financial standing of the Company. Company shall allocate administrative and financial resources necessary to ensure efficient functioning of non-executive Directors in a manner adequate to the size and financial standing of the Company.

4.7. Delegation of powers

4.7.1. Daily management

The Board may generally or from time to time delegate the power to conduct the daily management of the Company as well as the representation of the Company in relation to such daily management (as provided for by Article 441-10 of the 1915 Law) to one or more Directors, managers or other agents including a number of senior executive officers employed by subsidiaries of the Company, who may act individually or jointly.

The delegation of the daily management to one or more of the above mentioned person(s) results in the Board having an obligation to report at the Annual General Meeting any fees and advantages granted to such delegated person(s). The Board shall determine the scope of the powers, the conditions for withdrawal and the remuneration attached to these delegations of authority, including the authority to sub-delegate.

4.7.2. Specific delegations

The Board may also confer special powers upon one or more attorneys or agents of its choice.

4.8. Conflicts of interest

Any Director having a direct or indirect conflict of interest must inform the Board thereof and shall refrain from deliberating or voting on the relevant item of the agenda, except for everyday transactions entered into under normal conditions, but will be counted in the quorum. A Director having a conflict of interest on any item on the agenda of the meeting of the Board must declare such conflict to the Chairman before the meeting starts. Any abstention due to a conflict of interest shall be indicated in the minutes of the meeting of the Board and disclosed the following general meeting of shareholders, before any other resolution to be voted. In addition, a special report shall be made on any transaction in which any of the Directors may have a personal financial interest conflicting with that of the Company.

Every Director shall consult the chairman of the Audit Committee or else the Chairman of the Board in the event of uncertainty as to the nature of an operation or transaction likely to create a conflict of interest for him.

In the event of a declared conflict of interest, the operation or transaction concerned shall be submitted by the Director concerned to the Audit Committee or the external independent auditor, once the Chairman of the Board has been informed, if possible prior to the execution of that operation or transaction. The opinion of the Audit Committee or external independent auditor shall be communicated to the Board.

The Board shall adopt adequate rules concerning the handling of conflicts of interest and establish a procedure for authorization of existing and new situations which may give rise to a conflict of interest in the person of any Director. The following non-exhaustive list is an example of the duties that shall be followed by the Directors:

- (i) duty not to accept any benefits from third parties, which may give rise to a personal financial interest and/or gain;
- (ii) duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any arrangement with the Company; and
- (iii) duty to avoid conflicts of interest unless authorized.

The Directors shall have a clear guidance with such list as to which situations or circumstances should be disclosed to the Board in order to avoid any gross misconduct.

The mere fact that the Director serves as an officer or a member of any governing body of a shareholder or of an affiliated company of a shareholder shall not constitute a conflict of interest.

Members of the Board shall refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the governing bodies of the Company, and where a conflict of interest arises, immediately disclose it.

Members of the Board shall notify the Board of any conflict of interest which has arisen or may arise, and should refrain from voting on a resolution on the issue which may give rise to such a conflict of interest in their case. They are not allowed to accept any benefits which might affect their impartiality and objectivism in making decisions or reflect unfavourably on the assessment of the independence of their opinions or judgements.

Where a member of the Board concludes that a decision of the Board is in conflict with the interest of the Company, he or she may request that the minutes of the Boards' meeting show his or her dissenting opinion.

No shareholder shall have preference over other shareholders in transactions concluded by the Company with shareholders or their related parties. The foregoing also concerns transactions concluded by the company's shareholders with members of the Group. Before the Company concludes a significant agreement with a shareholder who holds at least 5% of the total vote in the Company or with a related party, the executive Directors shall request the non-executive Directors' approval of the transaction. Before giving their approval (as a part of the normal decision-taking process of the Board), non-executive Directors should evaluate the impact of the transaction on the interest of the Company. The foregoing does not apply to typical transactions and transactions at arm's-length made as part of the Company's operations between the Company and members of its group. If the decision concerning the Company's significant agreement with a related party is made by the general meeting, the Company shall give all shareholders access to information necessary to assess the impact of the transaction on the interest of the Company before the decision is made.

The Company shall define in its internal regulations the criteria and circumstances under which a conflict of interest may arise in the Company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The Company's internal regulations shall among others provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the Board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.

4.9. Evaluation of the Board

Every year, the Board shall undertake a formal evaluation of its own performance, operating efficiency, compliance with the rules of good governance and relationship with the executive management and other stakeholders. The evaluation is conducted through an online questionnaire with each Director anonymously assessing the Board's effective fulfilment of its merit, composition, organizational structure and its effectiveness as a collective body, among other things. The distribution of questionnaires and the announcement of results is done on the meetings of the Board and is reflected in the agendas of such meetings.

The Directors shall strongly consider diversity within the composition of the Board as part of their evaluation of the Board's effectiveness.

4.10. Board remuneration principles

The Board remuneration principles are described in the Company's remuneration policy which is adopted by the general meeting of shareholders and is published as a separate document on Company's [website](https://www.kernel.ua/investor-relations/corporate-documents/) (<https://www.kernel.ua/investor-relations/corporate-documents/>).

4.11. Board reporting

The minutes of the Board meetings shall be circulated to the Directors and approved by the Board at the subsequent meeting. The minutes shall indicate the votes cast by the Directors.

4.12. Corporate secretary

The Chairman shall propose a corporate secretary (the “**Corporate Secretary**”) for appointment by the Board, who shall assist and advise the Board, the Chairman, the daily managers and all Committees in exercising their duties. Among others, the Corporate Secretary shall provide the Directors with any information Directors consider necessary for the exercise of their duties, unless the provision of such

information is prohibited by laws. Directors must consider such information as confidential and use it only for the purposes of fulfilling their duties.

The Corporate Secretary shall attend the meetings of the Board and participates in the preparation of the meetings of the Board and of the Committees. The Corporate Secretary shall draw up the minutes of each meeting, which shall (i) summarize the deliberations; (ii) note the decisions taken; (iii) indicate the votes cast by the Directors or the members of the Committees; (iv) record any reservations that might have been expressed by certain Directors or members of the Committee; and (v) record any abstentions due to a conflict of interest.

The Corporate Secretary may duly certify extracts from the approved minutes of the Board meetings or of the meetings of any Committee of the Board, as required.

5. BOARD COMMITTEES

Pursuant to the Articles of Association, the Board shall create an Audit Committee and a Nomination and Remuneration Committee. The Board also created a Sustainability Committee. It may create other committees, from time to time, as the need arises.

Annex I to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the tasks and the operation of the committees of the Board.

5.1. The Audit Committee of the Board

The Board establishes an audit committee (the “**Audit Committee**”) from among its members to assist in the discharge of its responsibilities in the areas of financial reporting, internal control, risk management and compliance. The Audit Committee is a continuously operating collective body of the Board. The Audit Committee’s internal regulations shall be defined and approved by the Board.

The non-executive Directors monitor the efficiency of the systems and functions referred to above, among others on the basis of reports provided periodically by the persons responsible for these functions and the Company’s Board, and make an annual assessment of the efficiency of such systems and functions.

The Audit Committee shall be fully capable of overseeing the affairs of the Company in the areas of adequacy and effectiveness of the Kernel’s system of financial reporting, internal controls and risk management.

5.1.1. Composition

The Audit Committee shall consist of at least (3) three members, including a chairman. The Audit Committee shall consist exclusively of non-executive Directors, of which the majority shall be Independent Directors. At least one (1) of the Audit Committee members shall have competence in accounting and/or auditing. Members, as a whole, shall have competence relevant to the sector in which the Company is operating. The Company should provide an induction program for new audit committee members, and subsequent relevant training on an ongoing and timely basis.

The chairman shall be elected by the members of the Audit Committee amongst the Independent Directors that are members of the Audit Committee, and he cannot simultaneously hold the position of the Chairman of the Board.

In case of termination of the mandate of a Director, the mandate of such Director as member of the Audit Committee terminates automatically.

5.1.2. Conduct of meetings

The Audit Committee shall meet at least four (4) times a year. Each meeting is held in open sessions, and, if decided by the majority of the members of the Audit Committee, in closed sessions.

The Chief Executive Officer of the Company, the Chief Financial Officer of the Company, the head of internal audit of the Company and a person who is in charge for the compliance function shall participate as permanent guests at all open sessions of the Audit Committee. External auditors shall be invited to the parts of the open sessions where matters related with external auditors are discussed. The Audit Committee may further invite any person whose collaboration it deems to be advantageous to assist it in its work and to attend open and/or closed sessions of its meetings.

The Audit Committee shall meet with the head of internal audit and the external independent auditor at least once a year without the presence of any executives.

The Chairman of the Audit Committee shall determine the dates and the agenda for each meeting of the Audit Committee on a yearly basis, subject to possible amendments made to it during the year. At its meetings, the Audit Committee shall consider at least the analysis of the annual and half-yearly results.

The Corporate Secretary shall provide the agenda and any supporting documents to all members of the Audit Committee sufficiently in advance of a meeting in order for them to prepare for the meeting. To the extent the documents or information are confidential, they may be communicated at the meeting only. The Corporate Secretary shall also draw up minutes of each meeting.

The meetings of the Audit Committee shall require the presence of at least half of its members to be valid. The members of the Audit Committee may participate in a meeting by conference call, video conference or by any other means of communication allowing identification and guaranteeing an effective participation, security and confidentiality. Any member of the Audit Committee who participates in such a way is deemed to be present for the computation of quorum and majority.

Any member may act at any meeting by appointing any other member as proxy in writing by mail or electronic mail. A member of the Audit Committee may not represent more than one other member at a meeting.

Resolutions of the Audit Committee are adopted:

- (i) with the approval of a majority of the members present or represented at a meeting. Each member has one vote and the chairman shall have a casting vote; or
- (ii) unanimously by circular resolutions. In that case, the signatures of the different Board members may be apposed on several exemplars of the circular resolutions, the entirety of the consents evidencing the adoption of the resolutions. The date of such resolutions shall be the date of the last signature.

Following each meeting of the Audit Committee, its chairman shall be required to make a report for the Board, which shall identify the issues in respect of which he considers that action or improvement is necessary and which shall make recommendations on the measures to be taken for the necessary adjustments in its internal regulations if required. The chairman of the Audit Committee shall ensure that minutes of each meeting are drawn up.

The Audit Committee shall evaluate its own effectiveness at the meeting preceding the annual general meeting of shareholders and shall make recommendations to the Board regarding the necessary adjustments to its internal regulations.

5.1.3. Access to information

The Audit Committee shall, within the limits of its rights and responsibilities and the exercise of its functions, be entitled to:

- (i) request and receive any document which it considers useful for the exercise of its missions from the Company, the Corporate Secretary being the key contact person for such requests;
- (ii) seek assistance of experts for the proper fulfilment of its duties at its discretion, especially with regard to financial, risk management, audit and accounting issues. Any cost or expenses incurred thereby shall be covered by the Company;
- (iii) receive timely information regarding any issue raised by the internal or external auditor;
- (iv) to receive information on the internal auditor's work programme and receive periodic summaries of his work; and
- (v) invite any person to attend its meetings whose collaboration it deems to be advantageous and to meet with any individual without the presence of any executives.

The members of the Audit Committee as well as any third party participating in a meeting shall have a confidentiality obligation vis-à-vis third parties with regards to any confidential matters relating to the Company which have been disclosed to them during a meeting or to which they had access.

5.1.4. Responsibilities and duties of the Audit Committee

The responsibilities and duties of the Audit Committee shall include:

A. Financial reporting

- (i) assisting the Board in monitoring the reliability and integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by the Company, including the consolidation criteria, and adequacy of the related disclosures.
- (ii) monitoring and examining the effectiveness of the financial reporting process and submit recommendations to ensure its integrity. The Executive Management Team should inform the Audit Committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In this respect, particular attention should be paid to both the existence of, and the justification for, any activity carried out by the company in offshore centres and/or through special purpose vehicles.

B. Risk management and compliance

- (i) assisting the Board and the executive management in formulating a description of the risks specific to the Company, while the respective risk monitor system itself is subsequently implemented by the Executive Management Team of the Company with appropriate identification and disclosure to the Board;
- (ii) reviewing the Company's code of conduct and compliance program, Company's policies on risk assessment and risk management. The Audit Committee shall monitor and at least annually review and examine the effectiveness of the undertaking's internal quality control, risk management and compliance systems. The person responsible for the compliance function is allowed to report directly to the Audit Committee;
- (iii) reviewing the process whereby the Company and its subsidiaries complies with existing provisions regarding the possibility for employees to report alleged significant irregularities in the Company and its subsidiaries, by way of complaints or through anonymous submissions, and ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

C. Overseeing the performance of the internal audit function

- (i) providing recommendations to the Board regarding the selection, appointment, and dismissal of the head of internal audit, and making recommendations on the internal audit department's budget. In the event that the internal auditor resigns, the Committee shall investigate any issues that may have led to that resignation, and shall make recommendations regarding any measures that are needed;
- (ii) reviewing and making recommendations, to the extent necessary, regarding the internal auditor's work program, if required, in addition to receiving periodic summaries of its work;
- (iii) monitoring the responsiveness of the Executive Management Team to the findings and recommendations of internal auditor; and
- (iv) monitoring the effectiveness of the internal audit function and ensuring that the internal auditor has adequate resources to perform the tasks entrusted to it, appropriate for the stage of Company's development.

D. Overseeing the performance of the external audit function

- (i) responsible for the procedure for the selection of the external independent auditor and making recommendations to the Board regarding the selection, appointment, reappointment and dismissal of the external auditor as well as the terms and conditions of his engagement. The Audit Committee should investigate the issues giving rise to any resignation of the external auditor, and make recommendations as to any required action;
- (ii) reviewing and monitoring the independence and objectivity of the external auditor, in particular by reviewing the audit firm's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and other related regulatory requirements, and including the annual report from the auditor and discussion with auditors of key issues and mitigation actions;
- (iii) overseeing the external auditor's management and calculation of the cap on permissible services provided to the Company, its parent and controlled undertakings (excluding services required by national or EU legislation);
- (iv) reviewing external auditor work programme. The Audit Committee shall be informed of the external auditor's work programme and shall receive a report from the latter describing all existing relationships between the external auditor and the Company and its group;
- (v) pre-approving permissible non-audit services following an assessment of the threats to independence and the safeguards that the statutory auditor will apply to mitigate or eliminate those threats. The committee should set and apply a formal policy specifying, in accordance with the principles and guidance provided in Commission Recommendation 2002/590/EC (2), the types of non-audit services which are (a) excluded, (b) permissible after review by the committee, and (c) permissible without referral to the committee;
- (vi) development of an appropriate policy regarding the provision of specified prohibited services (where permitted under a Luxembourg option), covering:
 - a. tax services relating to preparation of tax forms, identification of public subsidies and tax incentives, support regarding tax inspections by tax authorities, calculation of direct and indirect tax and deferred tax, tax advice
 - b. valuation services, as long as their impact on the audited financial statements is immaterial or none, the impact on the financial statements is evaluated and documented in the additional report to the audit committee and the principles of independence included in the legislation are applied by the external auditor
- (vii) oversight of the external auditor's assessment regarding provision of the prohibited services to ensure that:
 - a. they have no direct or have immaterial effect separately or in aggregate on the audited financial statements;
 - b. the estimation of the effect on the audited financial statements is comprehensively documented and explained in the additional report to the audit committee;
- (viii) monitoring the process of the audit of statutory or consolidated financial statements, mainly covering the findings and conclusions. It shall make sure that the audits carried out and the

- subsequent audit reports comply with an audit plan approved by the Board or the Audit Committee;
- (ix) reviewing the responsiveness of the Executive Management Team to the recommendations made in the external auditor's letter;
 - (x) overseeing the statutory auditor's compliance with reporting requirements in the audit report and the report to the Audit Committee
 - (xi) assessing the work performed by the external auditor on a regular basis and reviewing the length of the remit of their firm and/or of the partners' responsible for certifying the financial statements;
 - (xii) inform the Board on the outcome of the statutory audit and explain its contribution to the integrity of the financial statements.

The Audit Committee prepares recommendations and draft resolutions on the issues that relate to its competence and presents them to the Board for consideration.

Both internal and external auditors shall have free access to the Audit Committee and the Board. The person who is in charge for the compliance function may approach the Chairman of the Audit Committee at all times.

5.2. The Nomination and Remuneration Committee of the Board

The N&R Committee is a continuously operating collective body of the Board, headed by the Chairman of the N&R Committee.

5.2.1. Composition

The N&R Committee is established from amongst the members of the Board and it shall consist of at least (3) three members, including a chairman elected by the members of the N&R Committee amongst themselves. The N&R Committee shall be composed of a majority of non-executive Directors, including more than half being Independent Directors, elected by the Board.

In case of termination of the mandate of a Director, the mandate of such Director as member of the N&R Committee terminates automatically.

5.2.2. Conduct of meetings

The members of the N&R Committee shall meet as often as they determine necessary to carry out the N&R Committee's duties, but not less than twice a year.

The chairman of the N&R Committee shall call a meeting if requested by any member of the Committee. The chairman of the N&R Committee shall convene the meetings and determine the frequency and length of the meetings and set the agenda accordingly. The chairman of the N&R Committee shall take care of providing or making available a copy of all relevant documents and information to all members of the N&R Committee sufficiently in advance of a meeting in order for them to prepare for such meeting. To the extent the documents or information are confidential, they may be communicated at the meeting only.

The N&R Committee can act and deliberate validly only if at least half of its members are present or represented at a meeting. The members of the N&R Committee may participate in a meeting by conference call, video conference or by any other means of communication. Any member may act at any meeting by appointing any other member as proxy in writing by mail or electronic mail. A member of the N&R Committee may not represent more than one other member at a meeting.

Resolutions are adopted with the approval of a majority of the members present or represented at a meeting. Each member has one vote and the chairman shall have a casting vote. The chairman of the N&R Committee shall ensure that minutes of each meeting are drawn up.

Following each meeting of the N&R Committee, the chairman of the N&R Committee is required to report to the Board identifying the issues in respect of which he considers that action or improvement is called and make recommendations for the necessary adjustments in its internal regulations if required.

The N&R Committee shall every two years evaluate its own effectiveness and shall make recommendations to the Board regarding the necessary adjustments to its internal regulations.

5.2.3. Access to information

The N&R Committee shall, within the limits of its rights and responsibilities and the exercise of its functions, be entitled to:

- (i) request and receive any document which it considers useful for the exercise of its missions from the Company, the Corporate Secretary being the key contact person for such requests;
- (ii) seek assistance of experts for the proper fulfilment of its duties at its discretion. Any cost or expenses incurred thereby shall be covered by the Company; and
- (iii) invite any person to attend its meetings whose collaboration it deems to be advantageous and to meet with any individual without the presence of any executives.

The members of the N&R Committee as well as any third party participating in a meeting shall have a confidentiality obligation vis-à-vis third parties with regards to any confidential matters relating to the Company which have been disclosed to them during a meeting or to which they had access.

5.2.4. Responsibilities of the Nomination and Remuneration Committee

The role of the N&R Committee is to assist the Board in fulfilling its responsibilities by reviewing, advising and making recommendations to the Board, the Chairman and the CEO on:

Nomination

- (i) Appropriate size and composition of the Board;
- (ii) Establishing a formal and transparent procedure for the nomination and selection of Directors, including overseeing the preparation of a position's specification;
- (iii) Determining the necessary and desirable competencies of Directors;
- (iv) Identification and recommendation of candidates for their appointment as Directors, including assessment of the skills, knowledge and experience of the individuals appointed. N&R Committee ensures that only persons with the adequate competences, experience and skills are appointed to the Board. Decisions to elect members of the Executive Management Team or the Board should ensure that 1) the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the gender minority group of at least 30%; and 2) the diversity policy adopted by the general meeting of shareholders and published on Company's website (<https://www.kernel.ua/about/business-ethics-and-compliance/>) is observed;
- (v) Appointment and removal of Directors;
- (vi) Nomination of the Chairman;
- (vii) Overseeing the development and implementation of a process for evaluating the performance of the Board and its committees;
- (viii) Developing a succession plan for the Board;
- (ix) Developing a succession plans for senior management;
- (x) Preparation of an induction program for new Directors;
- (xi) Developing the Company's recruitment and health & safety strategic objectives and policies;
- (xii) Nominating and assessing candidates for the Executive Management Team;

Remuneration

- (i) Establishment of the remuneration policies and remuneration of Directors and senior executives, and the review of such policies on an annual basis;
- (ii) Proposing key remuneration terms of appointment for Directors and senior executives;
- (iii) Recommending remuneration and incentive policies packages of key executives;
- (iv) Developing a management incentive scheme;
- (v) Selecting a professional indemnity and liability insurance for Directors and senior management;
- (vi) Together with the CEO assessing the way in which the executive management operates and the performance of the Executive Management Team at least once a year;
- (vii) Assisting the Board with the preparation of the remuneration report to be included in the corporate governance statement of the Company.

The N&R Committee shall prepare recommendations and draft resolutions on the issues that relate to its competence and shall present them to the Board for consideration.

The Company shall describe in its annual activity report the remuneration policy including the following:

- 1) general information about the Company's remuneration system;
- 2) significant amendments of the remuneration policy in the last financial year or information about their absence;
- 3) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

5.3. The Sustainability Committee of the Board

The Board establishes a sustainability committee (hereinafter – the “Sustainability Committee”) with the purpose to oversee the overall performance of the sustainability corporate function of the Company and the Group; ensure the implementation of the environment, social and sustainability governance agendas across all business operations; and connect these agendas with the Group's strategy, business objectives and capital allocation decisions.

5.3.1. Composition and appointment

The Sustainability Committee is established from amongst the members of the Board, and it shall consist of at least three (3) of its members, including the chairman elected by majority of the Sustainability Committee members. Members of the Sustainability Committee shall be appointed by the Board upon proposal by the N&R Committee. At least one of the members of the Sustainability Committee shall be an Independent Director and at least one – shall have specific competence in areas related to sustainable business development, climate finance and sustainability governance.

The chairman of the Sustainability Committee shall appoint a secretary, whose responsibility is to generally support and provide members of the Sustainability Committee with any information considered necessary for the exercise of their duties, unless the provision of such information is prohibited by laws.

In case of termination of the mandate of a Director, the mandate of such Director as a member of the Sustainability Committee terminates automatically, and a new member of the Sustainability Committee shall be appointed.

5.3.2. Conduct of meetings

The chairman of the Sustainability Committee, in consultation with its members, shall determine the schedule and frequency of the Sustainability Committee meetings, provided that the Sustainability Committee shall meet at least two times a year. The secretary of the Sustainability Committee shall take care of providing or making available a copy of all relevant documents and information to all members of the Sustainability Committee sufficiently in advance of a meeting for them to prepare for such meeting.

To the extent the documents or information are confidential, they may be communicated at the meeting only.

Following each meeting of the Sustainability Committee, the chairman of the Sustainability Committee shall report to the Board identifying the matters in respect of which actions or improvements are required and make recommendations for the necessary next steps.

As a rule, the meeting notice – specifying the day, time, and place of the meeting, the list of the matters to be discussed and the procedures established for the participation – shall be sent to the members of the Sustainability Committee by the secretary, upon instructions from the chairman, at least three days prior to the day set for the meeting, by means of a communication sent to the e-mail address indicated by each person. In cases of urgency, the notice time may be shorter, but as a rule, in any case, no shorter than 24 hours.

The quorum necessary for the decision-making shall be the simple majority of the Sustainability Committee members.

5.3.3. Responsibilities and duties of the Sustainability Committee

The role of the Sustainability Committee is to assist the Board in identifying, prioritizing, and executing the company's strategic activities in the areas of climate risks and opportunities, decarbonization, environmental protection, development of social and human capital, and sustainability governance (commonly known as and hereinafter referred to as 'ESG'). The Sustainability Committee acts as an effective link between the Board and the sustainability committee at the Executive Management Team (hereinafter – 'the Management Sustainability Committee'). The responsibilities and duties of the Sustainability Committee shall include:

- (i) Critical review and consideration of the Group's sustainability plan, policies, strategies, and programs related to ESG agenda, submitted by the Management Sustainability Committee and presented on its behalf by selected members of the Management Sustainability Committee and Group's sustainability manager; and monitor the Company's progress in the implementation of such declarations;
- (ii) Critical review and consideration of the Group's ESG Strategy (hereinafter – 'the ESG Strategy') and oversight of how it is communicated internally and externally to ensure that the Group's purpose and ESG agenda, including climate actions, is being effectively diffused throughout the organization and through third-party partnership;
- (iii) Provide oversight of the key policies and programs required to implement the Strategy. The Sustainability Committee shall periodically review the adequacy of the existing internal policies and programs, and advise the Board of Directors on required amendments thereto;
- (iv) Preparation of inputs to the Group's overall business strategy with regard to ESG related provisions;
- (v) Assisting the Board in the introduction of key performances indicators ("KPIs"), related to ESG matters including, but not limited to, climate oriented KPIs, for Directors and senior management. The Sustainability Committee shall consult and assist the N&R Committee in identifying the metrics to determine promotion of climate agenda throughout the organization;
- (vi) Critical review and consideration of targets and goals the Group may periodically establish for its performance with respect to ESG agenda, submitted by the Management Sustainability Committee; and monitor the Group's progress against those goals;
- (vii) Oversight of budget, investments and expenditures, designated to the implementation of the ESG Strategy and the Group's overall ESG agenda;
- (viii) Advising the Board on prioritization of material ESG risks and opportunities, including, but not limited to, climate change as well as feasible mechanisms to address them;
- (ix) Oversight of the Group's disclosures and reporting on ESG performance and metrics in line with industry recognized standards; and oversight over communication with external ESG rating agencies;

- (x) Advising the Board on critical ESG trends and developments in public debate, public policy, regulation, legislation, capital market, attracting financing and identifying opportunities in the international market; and provide input regarding appropriate response to such issues;

The foregoing list of duties is not exhaustive, and the Sustainability Committee may, in addition, perform any additional tasks assigned to it by the Board of Directors or other functions it may find necessary or appropriate for the performance of its oversight function.

The Sustainability Committee shall report to the Board, through the Sustainability Committee's chairman, on its proceedings after each Sustainability Committee's meeting on all matters within the Sustainability Committee's duties and responsibilities.

5.3.4. Access to information

The Sustainability Committee shall, within the limits of its rights and responsibilities be entitled to:

- (i) request and receive any document which it considers useful for the exercise of its responsibilities and functions from the Company, the Corporate Secretary together with the secretary of the Sustainability Committee being key contact persons for such requests;
- (ii) seek assistance of experts for the proper fulfilment of its duties at its discretion. Any cost or expenses incurred thereby shall be covered by the Company; and
- (iii) invite any person to attend its meetings whose collaboration it deems to be advantageous.

The members of the Sustainability Committee as well as any third party participating in a meeting shall have a confidentiality obligation vis-à-vis third parties with regards to any confidential matters relating to the Company, disclosed to them during a meeting or to which they had access.

6. EXECUTIVE MANAGEMENT TEAM OF THE COMPANY AND ITS OPERATING SUBSIDIARIES

6.1. Chief Executive Officer

The Chief Executive Officer (the “CEO”) shall manage the executive management team of the Company and its operating subsidiaries (the “**Executive Management Team**”) and shall be appointed and removed by the Board and report directly to the latter.

The CEO is responsible for the day-to-day management of the Company's subsidiaries, execution of strategy, budgets, and Board decisions. The CEO delegates his/her responsibilities to other members of the Executive Management Team.

6.2. Executive Management Team

The Executive Management Team consists of:

- the CEO;
- the Chief Financial Officer;
- the Director, Production Assets Management;
- the Director, Agribusiness;
- the Director, Grain and Oilseeds Purchase;
- the Director, Logistics;
- the Director, Packed Products Marketing and Sales;
- the Chief Legal Officer;
- the Chief Human Resources Officer;
- the Head of IT Department;
- the Director, Security;
- the Director, Corporate Investments;

- Head of Grain Trading Department;
- Head of Trading: vegetable oils and proteins; and
- Head of Communications, PR, and GR.

The members of the Executive Management Team are appointed and removed, as applicable, by the Board upon proposal by the N&R Committee after prior consultation with the CEO, save where he is subject of the procedure.

The full list of the members of the Executive Management Team, including short biographies for each member is available on the Company's website (<https://www.kernel.ua/about/management/>).

6.3. Powers and Duties of the Executive Management Team

The Executive Management Team is responsible for the overall financial and operating results of the Company's subsidiaries, heading operating segments and providing support functions on a daily basis. The Executive Management Team focuses on strategy implementation, financial and competitive performance, commercial and technological developments, succession planning and organizational development.

Key powers of the Executive Management Team include:

- Day-to-day management of the Company and its subsidiaries;
- Overseeing the proper functioning of the Company and its subsidiaries, including identification, management and control of the key risks;
- Examining, defining and exploring strategic opportunities, acquisitions, investments and disinvestments which could result in to the further development of the Company;
- Investments and disinvestments for which the maximum amount is not more than 5% of average 12 months trailing daily market capitalization of the Company;
- Decisions on financing of the normal operations of the Company and its subsidiaries, regardless of the amount concerned;
- Implementation of the decisions made by the Board.

Key duties of the Executive Management Team include:

- Preparing of complete, timely, reliable and accurate financial statements in accordance with the accounting standards and policies of the company;
- Submitting an objective and understandable assessment of the company's financial situation to the Board;
- Regular submitting of proposals to the Board regarding strategy definition;
- Preparing complete, timely, reliable and accurate corporate social responsibility reports and submit such reports to the Board on a regular basis;
- Preparing the decisions to be taken by the Board;
- Supplying the Board with all the information necessary for the discharge of its obligations in a timely fashion;
- Setting up internal controls (systems for the identification, assessment, management and monitoring of financial and other risks), without prejudice to the Board's role in this matter;
- Regularly accounting to the Board regarding the discharge of their responsibilities;
- Ensuring a proper functioning of the efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activities.

The Board shall grant the Executive Management, including any Executive Directors, where applicable, the necessary powers for them to fulfil their responsibilities and obligations.

6.4. Executive Management Team compensation principles

The Executive Management Team's compensation principles are described in the Company's remuneration policy which is adopted by the general meeting of shareholders and is published as a separate document on Company's [website](https://www.kernel.ua/investor-relations/corporate-documents/) (<https://www.kernel.ua/investor-relations/corporate-documents/>).

7. FINANCIAL REPORTING, EXTERNAL AND INTERNAL AUDIT AND RISK MANAGEMENT

7.1. Financial reporting

The consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, while standalone financial statements of the Company are issued in accordance with Luxembourg accounting standards.

The Company's subsidiaries which are incorporated abroad of the Grand Duchy of Luxembourg follow the locally required accounting principles. The financial statements are reported to the Board for its review and approval.

7.2. External audit

The Company's annual consolidated and standalone financial statements are audited by one or several external independent auditors (*réviseurs d'entreprises agréés*) chosen amongst the members of the *Luxembourg Institut des Réviseurs d'Entreprises*, in accordance with the 1915 Law. The external independent auditor(s) shall be appointed and removed by the general meeting of shareholders.

The Audit Committee regularly meets with the auditors, including meetings without the presence of executive management, to discuss the audit process and management letter among other things, and to make recommendations on the external auditor's work program.

The external independent auditor may provide the Company non-audit services. While services are authorized ex officio, the Audit Committee periodically examines the nature and scope of the non-audit services provided with a view to avoid any conflicts of interest.

7.3. Risk management

The Board shall approve, review and update the Company's risk management policy, which defines and describes the risk management system and risk management process. The risk management system sets out the principles and minimum requirements of the process to identify, evaluate, manage and monitor risks to which the Company is exposed, on current and forward-looking basis. The policy ensures effective management of risks throughout the Company in line with the Company's Risk Appetite, which is defined by the Board.

The main processes, procedures and responsibilities set out in the risk management policy are aimed to ensuring sound management of risks to preserve the stability and solvency of the Company under extreme conditions, using synergies, best practices, and specialist competences developed inside the Company.

The Company's risk management is defined as a process, realized by the Board, executive management team and other management and staff, which starts from the strategy development and impacts all activities and processes of the Company. These activities aim at risk identification and risk management, in order to provide reasonable assurance of the Companies' goals achievement.

The risk management cycle includes 5 stages: risk identification; risk assessment and prioritization; risk management actions planning; actions implementation; measure, control and monitor.

The principles of risk management system:

- a) **Organizational context.** Risks identified should be relevant to the Company's business and operational model and risk management should therefore be able to add value and be an integral part of the organizational process;
- b) **Involvement of Stakeholders.** The risk management process should involve the stakeholders at each and every step of decision making;
- c) **Organizational objectives.** The risks identified should explicitly address the uncertainty and link to the Companies' objectives;
- d) **Reporting.** The authenticity of the information has to be ascertained. Decisions should be made on best available information;
- e) **Roles and responsibilities.** Risk management should be transparent and inclusive. It should take into account the human factors and ensure that each stakeholder knows their roles at each stage of the risk management process;
- f) **Support structure.** Support structure underlines the importance of the risk management team. The team members have to be dynamic, diligent and responsive to changes. Each and every member should understand his intervention at each stage of the project management lifecycle;
- g) **Early warning indicators.** Keep track of early signs of a risk translating into an active problem. This is achieved through continual communication between all stakeholders at each level. It is also important to enable and empower everybody to deal with the threat at his/her level;
- h) **Review cycle.** Keep evaluating inputs at each step of the risk management process: identify, assess, respond and review. The observations are markedly different in each cycle. Identify reasonable interventions and remove unnecessary ones;
- i) **Supportive culture.** To introduce, develop and maintain the culture of questioning, discussion, and feedback/problems provisioning in the Company;
- j) **Continual improvement.** Improving and enhancing risk management system on ongoing basis.

The Board provides review and assessment of the main risks to which the company is exposed in pursuing its corporate purpose, and the plans implemented by the Executive Management Team to manage these risks. The review is provided at least once a year in collaboration with the Audit Committee, the external independent auditor and the Executive Management Team.

The Board informs the shareholders of the conclusions of its review and assessment in the relevant sections of the annual report.

7.4. Internal audit

As an integral part of the system of internal controls, the Company shall establish an internal audit division which shall be headed by an experienced professional reporting to the Audit Committee and working closely with the Board (the “**Internal Audit**”). The resources and skills of such division shall be appropriate to the nature, size and complexity of the Company's business.

The Internal Audit shall provide independent and objective assurance and consulting services in the areas of internal controls and risk management aimed at improving the Company's and its subsidiaries operations and performance.

The independence rules defined in generally accepted international standards of the professional internal audit practice shall apply to members of internal audit divisions and other persons responsible for such tasks.

Main responsibilities of internal audit are:

- (i) to maintain continuous support for the Directors on the operational risk management, internal controls and mitigation activities by undertaking regular or ad hoc reviews;

- (ii) to provide independent and objective evaluation of effectiveness and efficiency of risk management and internal control systems within operational framework of the Company, and internal and external regulations observance;
- (iii) to assist personnel and management of the Company in improving the effectiveness of risk management and internal control systems in operations; advise and consult them regarding how to effectively execute their responsibilities, including recommendations on specific improvements in policies and procedures;
- (iv) to consult management on the subjects of specific improvements in operational policies and internal procedures; and
- (v) to assist in open and two-way communication among internal and external auditors, management and personnel, Audit Committee and the Board.

The internal audit division and the executive Directors shall provide the non-executive Directors at least once per year with their assessment of the efficiency of the operational internal controls, risk management and compliance systems and internal audit functions together with a relevant report.

8. SHARE DEALINGS

Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse, as amended (the “**Market Abuse Regulation**”) and Warsaw Stock Exchange Rules (the “**WSE Rules**”, together with the Market Abuse Regulation collectively referred to as the “**Market Abuse Rules**”) provides for certain rules and prohibitions that must be complied with by any Directors or employees of the Company when dealing in shares issued by the Company.

The Company maintains the list of persons who have access to inside information, as required by the Market Abuse Regulation. Every person having access to inside information shall be registered in such list and is obliged to sign the letter of acknowledgment with the applicable provisions of the Market Abuse Regulation and of the Poland Act on Trading in Financial Instruments dated July 29th 2005, and return to the Company a signed copy of the duplicate of such letter.

9. DISCLOSURE POLICY AND INVESTOR COMMUNICATIONS

Company recognises the importance of adequate communication with investors and analysts by pursuing a transparent and effective disclosure policy in order to ensure easy and non-discriminatory access to disclosed information using diverse tools of communication.

Where the Company becomes aware that untrue information is disseminated in the media, which significantly affects its evaluation, it immediately publishes on its website a communiqué containing its position on such information, unless in the opinion of the Company the nature of such information and the circumstances of its publication give reasons to follow a more adequate solution.

The Company allows investors and analysts to ask questions and receive explanations – subject to prohibitions defined in the applicable legislation – on topics of their interest. Company shall also use its best efforts, including taking all steps well in advance as necessary to prepare a periodic reports, to allow investors to review their financial results as soon as possible after the end of a reporting period.

The Company publishes on its website the following information (in addition to information required under mandatory provisions of law):

- (i) basic corporate documents, such as the Company’s articles of association;
- (ii) the full names of the members of Board of Directors and the professional CVs of its members including information on the fulfilment of the criteria of independence by members of Board of Directors together with a chart showing the division of duties and responsibilities among members;

- (iii) the current structure of shareholders indicating those shareholders that hold at least 5% of the total vote in the Company according to information provided to the company by shareholders under the applicable legislation;
- (iv) current and periodic reports, prospectuses and information memoranda with annexes, published by the Company in the last 5 years;
- (v) information on the dates of corporate events leading to the acquisition or limitation of rights of a shareholder, information on the dates of publication of financial reports and other events relevant to investors, within a timeframe enabling investors to make investment decisions
- (vi) information materials published by the Company concerning the Company's strategy and its financial results;
- (vii) selected financial data of the company for the last 5 years of business;
- (viii) information about the planned dividend and the dividend paid out by the Company in the last 5 financial years, including the dividend record date, the dividend payment date and the dividend amount, in aggregate and per share;
- (ix) financial projections, if the Company has decided to publish them, published at least in the last 5 years, including information about the degree of their implementation;
- (x) information about the content of the Company's internal rule of changing the company authorised to audit financial statements or information about the absence of such rule;
- (xi) a statement on compliance with the corporate governance recommendations and principles contained in the last published annual report;
- (xii) materials provided to the general meeting, including assessments, reports and positions referred to in point (ix) above, tabled to the general meeting by the Board of Directors;
- (xiii) information about the Company's diversity policy applicable to the Company's Board of Directors. The description covers the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period;
- (xiv) information about the planned transmission of a general meeting, not later than 7 days before the date of the general meeting;
- (xv) justification of draft resolutions of the general meeting concerning issues and determinations which are relevant to or may give rise to doubts of shareholders, within a timeframe enabling participants of the general meeting to review them and pass the resolution with adequate understanding;
- (xvi) information about the reasons for cancellation of a general meeting, change of its date or agenda, and information about breaks in a general meeting and the grounds of those breaks;
- (xvii) contact details of the Company's investor relations officers including the full name and e-mail address or telephone number.

10. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

The company has adopted a "Corporate Social Responsibility and Sustainable Development Policy", under which the Company aims to voluntarily contribute to the social, environmental and economic development of the society.

Company aims to reach the following targets when implementing the "Corporate Social Responsibility and Sustainable Development Policy":

- a) **Social:** development of people's potential, giving back to local communities, and ethical and responsible labor practices;
- b) **Environmental:** keeping the integrity of the ecosystems Company operates in, and minimization of the environmental footprint;
- c) **Economic:** reaching maximum profitability with the optimal usage of natural resources

"Corporate Social Responsibility and Sustainable Development Policy" shall be always available on Company's website.

The measures taken for the “Corporate Social Responsibility and Sustainable Development” policy implementation shall be disclosed each year in the special section of the annual report.