



# REMUNERATION POLICY

## WITHIN VRANCART

### 1. SCOPE

The Remuneration Policy of VRANCART (Romanian legal entity, headquartered in Adjud Municipality, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County, registered at the Trade Register Office attached to the Vrancea Court under order number J39 / 239/1991, unique registration code RO1454846) describes the general framework for the setting of the remuneration of the company's management and establishes clear principles, designed to demonstrate the alignment of the interests of decision makers in the company with the interests of shareholders and other stakeholders (e.g. employees or the general public)

By applying the Remuneration Policy the company seeks to ensure consistency between the remuneration offered and its business strategy, risk policies, values and objectives of different time levels, complexity of operations, internal organizational dimensions and structures or the Group of affiliates it controls.

A Remuneration Policy that takes into account both the specific standards of the market in which the company operates but also the best practices in the field of remuneration is likely to:

- Maintain the competitiveness of the company on the labor market;
- Create the appropriate framework for attracting talents and cultivating the skills necessary for the scope of the company;
- Contribute to the successful implementation of the company's strategy in the short, medium and long term;
- Contribute to increasing the level of talent retention;
- Provide the necessary and flexible tools for management remuneration including the exceptional situations and achievements;
- Provide adequate mechanisms for managing conflicts of interest.



## **2. PRINCIPLES**

**The key principles underlying the Remuneration Policy are:**

- The avoidance of management taking of non-compliant risks from a legal and statutory point of view;
- The remuneration of persons in management and control positions related to the fulfillment of the set and assumed objectives and tasks;
- The remuneration of performance calculated by reference to individual performance indices and global indices, per company;
- The remuneration combines the fixed component with the variable one in an algorithm adequate to stimulate performance and ensure at the same time an adequate financial balance;
- The ensurance of remuneration on clear criteria of sustainability of the company, without actions likely to undermine the strategy or risk policy of the company;
- The continuous adaptation of the principles of the Remuneration Policy to the activity of the company and the economic environment in which it takes place.

## **3. RULES AND STRUCTURES OF REMUNERATION**

The Remuneration Policy applies to the management of the company and other personnel structures that have a decisive influence on the company's activity, and encourages innovative and effective management policies, with an emphasis on individual, collective and company performance.

The remuneration of the members of the Board of Directors and of the General Manager is established, by statute, by the General Meeting of Shareholders, without exceeding the maximum limits approved annually. There is usually a fixed and a variable component, depending on the proven performance of the individual and the company itself.

The remuneration of the Directors is established by the Board of Directors within the framework of the previously approved Budgets and usually consists of a fixed and a variable component, depending on the proven performance at individual level and of the company itself.

Employees' remuneration is established by negotiation between the company and them, based on the internally agreed grids, the provisions of the internal statutory documents, with alignment to the labor market, taking into account the principles of attracting qualified and experienced staff and the principles of adequate retention. These remunerations in general have a fixed component but, depending on the criteria of work and proven performance, a variable component can also be established.

The fixed component includes basic salaries, allowances, bonuses, meal vouchers, and any other financial values that the company may grant but which are not directly



related to the assessment of performance criteria (monetary or non-monetary, such as, but not limited to: medical, pension and life insurance, service car, various other season tickets).

The variable component is granted only in direct relation with the evaluation of the performance criteria, on various management levels. The variable component is generally expressed in the form of cash, either bonuses (for outstanding results in the activity submitted in a given reference period or for certain positive points) or bonuses (for achieving certain performance indicators or targets previously set, in particular on the sales segment of the organization).

In addition to the aspects clearly stipulated in the statutory documents, depending on certain specific premises, the company may grant compensatory packages upon termination of activity in the organization, with the approval of the Board of Directors or the General Manager, as the case may be.

#### **4. EVALUATION OF EMPLOYEE PERFORMANCE**

For a thorough implementation of the above, the company organizes periodically, currently on an annual basis, steps to assess employee performance, in accordance with statutory procedures, in the Collective Labor Contract and the Internal Regulations, thus meeting the criteria of transparency and essential objectivity in the present case.

The purpose of these approaches is that, by analyzing and measuring both the qualitative personal aspects and the objective financial ones, all those involved should have a picture as clear, transparent and truthful as possible of how the contribution of each member it is actually brought and used within the organization.

#### **5. MISCELLANEOUS**

The implementation of this Remuneration Policy within VRANCART will be done through the care of the company's senior management and its possible revisions will respond to the company's needs to adapt to the changing economic context, the labor market, medium- and long-term strategic objectives and, in general, to any significant impact factors for the Company itself.

**Note:**

This Remuneration Policy (v\_01) has been approved by the Board of Directors of VRANCART on March 26<sup>th</sup>, 2021 and will be subject to the approval of the Ordinary General Meeting of Shareholders of VRANCART from April 27<sup>th</sup>, 2021.

