

## REMUNERATION POLICY OF TERAPLAST GROUP (the Group)

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## THE OBJECTIVE OF THE REMUNERATION POLICY

The main objective of the TeraPlast Group in terms of remuneration is to respect the principle of equity, taking into account the business strategy, the culture and values of the organization, the long-term interests of the company and shareholders.

The general remuneration framework supports the Group in achieving the established business objectives.

Principles:

1. Remuneration is competitive with that of other companies with which TeraPlast Group is in competition for talents;
2. Both the Group's performance and individual contributions are recognized and rewarded;
3. Rewards are balanced between short-term success and long-term value creation;

## APPLICABILITY

This policy applies to staff whose professional activity has a significant impact on the TeraPlast Group, namely:

1. The members of the Board of Directors, including the Chairman of the Board of Directors, of TeraPlast SA
2. The executive directors of TeraPlast SA

## INTERNAL STRUCTURES WITH RESPONSIBILITY REGARDING REMUNERATION

THE GENERAL MEETING OF SHAREHOLDERS approves the Remuneration Policy. Also, in accordance with Law no. 31 of 1990, approves the allowances of the members of the board of directors as well as the general limits of the additional remuneration of the members of the board of directors and of the executive management.

The Group undertakes to evaluate all shareholders' proposals for the review of the Remuneration Policy.

The BOARD OF DIRECTORS approves the remuneration policy and monitors its implementation.

The REMUNERATION COMMITTEE ensures that the general principles and remuneration and benefits policies of the staff whose professional activity has a significant impact on the Group, correspond to the business strategy, objectives, values and long-term interests of the organization. The Committee reviews the performance evaluation process and proposes to the Board of Directors the approval of the benefits package for the directors with a mandate.

## BENEFITS PACKAGE

### *FIXED REMUNERATION*

Remuneration is set at a competitive level to attract, retain and motivate the most appropriate directors to lead the Group, in the interest of shareholders.

The fixed package of benefits reflects the complexity of the positions and the competencies of the beneficiaries.

### *VARIABLE REMUNERATION*

The amount of variable remuneration is based on:

1. Individual performance;
2. Department performance;
3. The results of the company and of the group.

The performance evaluation is performed in a multi-annual framework, to ensure that the evaluation process is based on long-term performance and that the actual payment of performance-based remuneration components is staggered over a period that takes into account the performance cycle of the business of the group and the specific risks of the activity of its subsidiaries.

The variable remuneration is granted in cash and / or in TeraPlast shares.

The stock option / Stock Option Plan depends on financial performance criteria, as well as on the achievement of strategic operational objectives. It is awarded on the basis of a three-year performance reference period, to promote medium and long-term value creation. This bonus also aims to prevent excessive risk-taking as well as encourage retention.

### *OTHER BENEFITS*

Directors receive a company car, telephone and accommodation in Bistrita, if they live in another city.

## REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, INCLUDING THE CHAIRMAN OF THE BOARD

The remuneration plan includes two components:

1. Fixed remuneration - Net allowance of 2,000 euros / month
2. Variable remuneration - can be granted differently depending on the evaluation of the activity in committees and advisory commissions and on the basis of some criteria established by the Board of Directors. The variable part cannot exceed 200% of the fixed annual indemnity according to the decision of the General Meeting of Shareholders.

The fixed remuneration of the members of the Board of Directors is established by the Decision of the General Meeting of Shareholders, annually. The General Meeting of Shareholders may also approve the granting of TeraPlast shares to the members of the Board of Directors.

Administrators also have liability insurance.

The remuneration of the executive director shall be cumulated with the remuneration for the position of executive director.

## THE REMUNERATION OF THE TERAPLAST GROUP'S EXECUTIVE DIRECTORS

The remuneration plan includes 3 components

- 1. The fixed part**, represented by the indemnity according to the mandate contract
- 2. Annual performance bonus**, granted according to performance indicators. The annual bonus cannot exceed 50% of the fixed annual salary.
- 3. Bonus in TeraPlast shares.**

The value is established by evaluating the results for the last 3 years.

The shares become the property of the beneficiaries after one year from the granting. During this one-year period, withholdings may be applied as a result of unfavorable events generated by transactions carried out during the valuation period, the effect of which materialized in the one-year period between the granting and the transfer of ownership.

### Key performance indicators

The calculation of the bonus is made according to the key performance indicators of the Group:

- Turnover growth rate (normalized)
- EBIDTA growth rate
- The degree of meeting the budget
- Operating cash, after deducting payments for investments (Free cash flow)
- Internal Rate of Return
- Achieving M&A objectives
- Management of strategic projects: entry into new markets, significant investments, development of new products, significant process improvements
- Fulfillment of sustainability indicators (carbon dioxide savings, accidents at work etc.) as they are established in the sustainability policy

The share of performance indicators is established annually depending on the Group's objectives.

## APPLICABLE CONDITIONS TO THE TERMINATION OF MANDATE / EMPLOYMENT CONTRACTS

In case of termination of contracts, the directors may receive a part of the variable remuneration related to the performance evaluation period, respectively:

- up to 50% of the annual bonus, weighted by the number of months worked until the termination of the contract and
- up to 100% of the share bonus granted, for which at the date of termination of the contract the ownership right was not transferred.

## TREATMENT OF EXCEPTIONAL PAYMENTS FOR BONUSES GRANTED BEFORE THE ADOPTION OF THIS POLICY

Bonuses granted prior to the approval and implementation of this Policy remain unaffected by these provisions.