



REMUNERATION POLICY

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OBJECTIVE OF THE REMUNERATION POLICY

The main objective of TeraPlast Group with regard to remuneration is compliance with the principle of equity, taking into account the business strategy, the culture and values of the organisation, the long-term interests of the company and its shareholders. It must also ensure the competitiveness of the company in the labour market and contribute to the motivation and retention of employees targeted by this policy.

The overall remuneration framework supports the Group in achieving its business, strategic and sustainability objectives.

Principles:

1. Remuneration is competitive with that of other companies with which Teraplast Group is in competition for talents;
2. Both the Group performance and individual contributions are recognised and rewarded;
3. Rewards are balanced between achieving short-term goals and creating long-term value;
4. Profit-sharing plans **encourage long-term executive commitment** and a certain mindset and **alignment of their interests with those of investors;**
5. Executives are protected from risk by life insurance and pension schemes.

APPLICABILITY

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

- Members of the Board of Directors, including the Chair of the Board of TeraPlast SA
- Executive managers of TeraPlast SA

INTERNAL STRUCTURES WITH REMUNERATION RESPONSIBILITY



The **GENERAL MEETING OF SHAREHOLDERS** approves the Remuneration Policy. In addition, pursuant to Law No. 31 of 1990, it approves the salaries of the members of the Board, as well as the general limits of any additional compensation of the members of the Board and the Executive Management.

The Group is committed to evaluating all shareholder proposals for revision of the Remuneration Policy. The remuneration policy can be revised at the proposal of the shareholders, the members of the Board of Directors or the Chief Executive Officer. Proposals shall be submitted to the Remuneration Committee of the BOD who will present them to the BOD for endorsement before they are submitted to the AGM for approval.



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



The **REMUNERATION COMMITTEE** ensures that the general principles and policies for the remuneration and benefits of staff whose professional activity has a significant impact on the Group are consistent with the business strategy, objectives, values and long-term interests of the organisation.

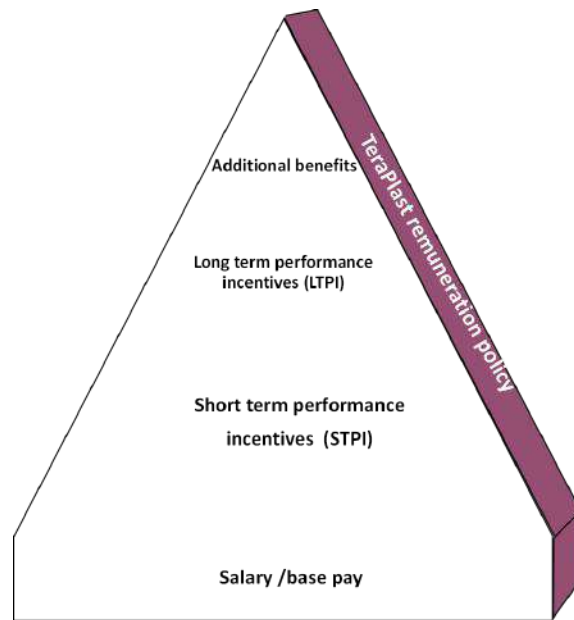
The Committee reviews the performance evaluation process and proposes to the Board of Directors the approval of the benefit package of appointed managers. At the same time the Committee ensures that there are no conflicts of interest among Managers or members of the Board.

BENEFIT PACKAGE

Overview:

Remuneration element	Description	Purpose
Basic salary/pay	Salary and pay levels are similar to those in similar companies and are set at a competitive level. Wage surveys (AIMS or similar) are used for comparison.	Ensuring a fixed level of earnings that reflect the role and responsibilities of each Manager/Board Member ensuring competitiveness.
Short-Term Incentive Plan (STIP)	The annual bonus is awarded based on the company's performance against set KPIs. The annual bonus is set as a percentage of the basic salary/ pay.	KPIs are in line with the organisation's strategy while ensuring its implementation.
Long-Term Incentive Plan (LTIP)	An action allocation plan is applied, based on performance. The number of shares allocated depends on meeting internal and external financial performance criteria and ESG targets. Each annual allocation of shares is based on a three-year performance review period. The number of shares is set as a percentage of fixed remuneration.	Promotes performance against set criteria and prevents excessive risk-taking. At the same time the aim of the SOP is to boost the long-term retention of Managers.
Shareholding requirements	Participants in the LTIP must hold at least 75% of the shares received in the plan until retiring or leaving the company. Any selling of shares received in the LTIP will be made with the express consent of the Board of Directors.	Ensures long-term alignment between shareholder interests and executive and non-executive involvement by exposing personal assets.
Benefits	Members of the Board receive international health insurance as well as civil liability insurance. They can get a company car as well as the settlement of some specialised courses. Executive managers receive a company car within the specified budget, international health insurance as well as liability insurance, retirement premium, relocation and accommodation costs if they are from another location as well as specialist courses.	Benefits are harmonised with practice in other similar organisations and help attract and give loyally incentives to Directors / Board members (salary surveys are used as well as other official public sources).
Recovery (Malus)	Multi-year variable LTIP remuneration is subject to clawback provisions.	Enables adjusting the remuneration due and/or return the remuneration already paid in case of clawback events, helping to hold Managers/ BOD members accountable.

REMUNERATION OF TERAPLAST EXECUTIVES



FIXED REMUNERATION

Remuneration is set at a competitive level in order to attract, give loyalty incentives and motivate the most suitable senior officers to lead the Group for the shareholders' interest. In calculating their remuneration, the previous year's salary surveys will be taken into account, which may be amended by the rate of salary increase granted to company employees (other than managers). The maximum amount of a fixed remuneration for an Executive manager can be max. 10 average salaries per company calculated in the previous year.

The fixed benefit package reflects the complexity of the positions and the skills of the beneficiaries. The mandate contracts concluded with the Executive managers have a term of validity of 4 years.

The contracts of mandate can be terminated under the following conditions:

- Expiry of the period for which it was concluded
- Resignation/withdrawal of the manager with 90 calendar days' notice
- Removal of the manager by the Board, with 90 calendar days' notice, excepting where the manager violates the provisions of the mandate contract, the resolutions of the AGM or the legislation in force when the removal takes place from the date on which the decision of removal is brought to the manager's attention
- Agreement of the parties
- Occurrence of a case of incompatibility provided by law
- Dissolution / liquidation of the company

REMUNERATION OF TERAPLAST EXECUTIVES

VARIABLE REMUNERATION

The amount of variable remuneration, (STIP and LTIP), is based upon:

1. Individual performance, 10% of the total variable remuneration;
2. Non-financial performance (ESG), 30% of total variable remuneration;
3. Financial performance of the company and the group, 60% of the total variable remuneration.

Performance evaluation is carried out on a multi-annual basis to ensure that the evaluation process is based on long-term performance and that the actual payment of performance-based remuneration components is phased over a period that takes into account the Group's business cycle and the specific risks of its subsidiaries' activities. The Remuneration Committee will detail the performance criteria annually.

Variable remuneration is awarded in cash and/or TeraPlast shares (LTIP, STIP).

LTIP depends on financial performance criteria. It is awarded on the basis of a three-year performance baseline period to promote value creation in the medium to long term. This bonus also aims to prevent excessive risk-taking and encourage retention.

The LTIP may not exceed 200% of the Executive manager's fixed remuneration. It is determined by the Remuneration Committee and approved by the Board.

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

The remuneration plan of the Board Members includes two components:

1. **Fixed remuneration** - Net pay of €2,500/month set and approved by the AGM
2. **Net fixed remuneration** for participation in committees/advisory committees of the BOD, up to the maximum amount approved by the AGM.
 - Commission Chairperson - pay of € 2250 per month
 - Commission members € 250 per month.

The compensation for committees/commissions may not exceed 100% of the fixed annual pay as decided by the General Meeting of Shareholders and may not be in the form of shares.

The fixed remuneration of the members of the Board of Directors shall be determined by resolution of the General Meeting of Shareholders on an annual basis.

Additional benefits:

- o Civil liability insurance
- o Health insurance with international coverage
- o Company car, within a maximum budget of 1500 euros/month including the cost of the car and maintenance costs (excluding fuel)
- o Training budget of maximum 5000 euros / year, which can be carried over for a maximum of one year.

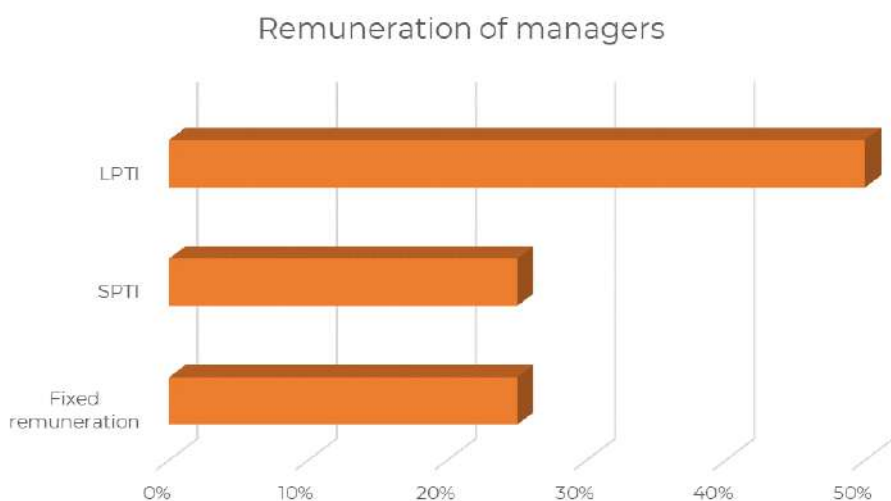
The remuneration of the Executive Manager shall be cumulated with the remuneration of the Chief Executive Officer.

REMUNERATION OF TERAPLAST MANAGERS

The remuneration of Teraplast's managers is made up of fixed and variable pay elements as well as benefits. Each manager receives a remuneration package consisting of Basic Salary, STIP, LTIP, as well as cash and in-kind benefits.

The major part of the total remuneration of the Company's managers is awarded in the form of variable compensation elements (STIP and LTIP).

1. **The fixed part**, represented by the indemnity under the mandate contract.
2. **Short-term incentives (STIP)**, awarded according to performance indicators. The annual STIP cannot exceed 100% of the fixed annual salary.
3. **Long-term incentives (LTIP)** for long-term performance and extraordinary events and cannot exceed 200% of fixed annual salary.



REMUNERATION OF TERAPLAST MANAGERS

The LTIP value is determined by assessing the financial (ROIC = return on invested capital) and extraordinary results over the last 3 years and is awarded annually.

ROIC = Net profit/ Invested capital

The shares become the property of the shareholders one year after the award.

During this one-year period, deductions may be applied as a result of adverse events arising from transactions carried out during the valuation period (last 3 years), the effect of which materialised during the one-year period between the award and the transfer of ownership.

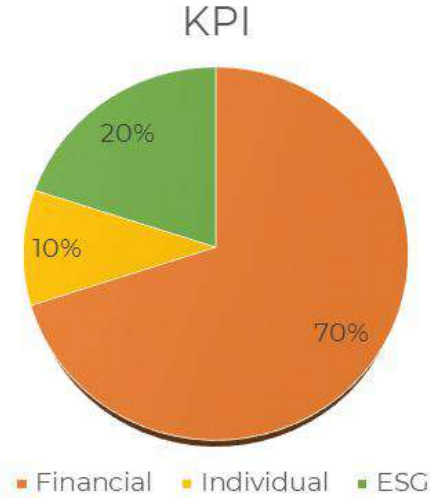
Key Performance Indicators

The **calculation of the STIP** is based on key performance indicators:

- KPI 1: **Financial Indicators** (60% of total STIP) :
 - a. Sales (realised vs budgeted) 20%
 - b. EBITDA (realised vs budgeted) 50%
 - c. ROIC (realised vs budgeted) 30%
- KPI 2: **Individual Indicators** (10% of total STIP):
 - a. Achievement of Performance Management performance targets (annual): ***Product and service innovation, Entering new markets, Strategic project management, Leadership***
- KPI 3: **Sustainability indicators** (ESG) (30% of total STIP)
 - a. Reducing the group's carbon footprint
 - b. Efficient resource and waste management (monitoring consumption, efficiency and reduction where appropriate)
 - c. Performance in social indicators (SSM, information and consultation, employee turnover, professional development programmes, human rights compliance - ethics - anti-corruption - equal pay for equal work, etc.)

The weighting of each performance indicator is set according to the Group's objectives and approved by the Board.

REMUNERATION OF TERAPLAST MANAGERS



The degree of achievement of performance indicators is given by their comparison with the budget approved in the AGM. The terms of the award are detailed annually by the Remuneration Committee and approved by the Board as follows:

	KPI <70%	71%>KPI<110%	KPI>110%
STPI (X)	0	100%	120%
LTPI (Y)	0	100%	120%

VTA= SB + STPI (max100% of SB) + LTPI/3

- VTA= Total annual income
- SB= Fixed salary
- STPI = Short-term incentives (max100% of SBA)
- LTPI = Long-term incentives (max200% of SBA / 3)

Sample calculation: **VTA= SBA + X % STPI + Y %LTPI/3**

- X%, Y% = %reaching the target
- STPI= 70% (ROIC) + 10% (KPI) + 20%(ESG)
- LTPI= 100% / 3 years

REMUNERATION OF TERAPLAST MANAGERS

Other benefits granted to managers

- Managers may receive a retirement allowance or a contribution to a private pension fund.
 - o Payments are made in accordance with the proposals of the Remuneration Committee and approved by the Board of Directors
- Professional liability insurance
- Health insurance with international coverage
- Company car, within a maximum budget of 1500 euros/month including the cost of the car and maintenance costs (excluding fuel)
- Accommodation in Bistrizia, if they live in another city, up to 1000 euros / month.
- Training budget of maximum €10,000/year, which can be carried forward for a maximum of one year.
- Possibility to buy a number of shares equal to that received through LTIP at a 50% discount.

CONDITIONS APPLICABLE UPON TERMINATION OF MANDATE/EMPLOYMENT CONTRACTS

In the event of termination of contracts, managers may receive a part of the variable remuneration for the performance appraisal period respectively:

1. In the event of termination of contracts through the fault of the managers or by resignation, they shall not be entitled to any remuneration.
2. If the contract is terminated by agreement of the parties / by decision of the TRP (excluding grounds of managers' fault) / by the expiry of the term and non-renewal or for other reasons not attributable to the parties (incapacity for work, death, retirement):

STPI	LTPI
Max. 50% of the annual bonus, adjusted by the number of months worked until the end of the contract. E.g. if the annual bonus is X euros and worked 9 months, the bonus is = $X*50\%/12*9$	Max. 100% of the share bonus granted, for which no ownership has been transferred at the date of termination.

TREATMENT OF EXCEPTIONAL PAYMENT FOR BONUSES GRANTED BEFORE ADOPTING THIS POLICY

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

EXEMPTIONS FROM THIS POLICY

- Should extraordinary circumstances arise during a year (war, achievements of more than 120% of the budget foreseen, emergency situations or crisis situations) exemptions from this procedure may be made, proposed by the Remuneration Committee and approved by the BOD or AGM, accordingly.
- In the event of tax changes (such as the transfer of social security contributions from employee to employer), the Board members and executive managers may be entitled to a temporary compensatory allowance. This compensation is awarded as a percentage of the selected remuneration elements.
- Extraordinary remunerations: exceptional benefits may be granted e.g. a signing bonus to attract and motivate Managers or a temporary remuneration that may be paid if the Manager concerned takes on / receives additional responsibilities over a period of time. In these cases, the elements of extraordinary remuneration actually granted shall be specified in the Remuneration Report.
- Derogations are proposed by the Remuneration Committee, approved by the Board in the case of Executive Managers and endorsed by the Board and approved by the AGM in the case of Board members.

MALUS PROVISION

- Ownership of the shares is acquired one year after the share award. If during this time it turns out that an event generated by the transactions/decisions made affects the financial performance or the company image, the number of shares may be decreased or cancelled. The assessment of the effects on the company as well as the proposal to reduce the number of shares or to cancel the bonus in shares in case of such an event is the responsibility of the Remuneration Committee, which shall act on its own initiative or shall be informed by any interested party. The Committee makes recommendations to the BOD, which is the decision-maker in this case.

- If the cash performance bonus is found to have been awarded on the basis of an indicator that has not been correctly reported or has been altered for various reasons, a part of or the entire bonus may be withdrawn from the person concerned. This decision is taken by the Board of Directors based on notification and recommendations made by the Remuneration Committee.

- The following events are considered recovery events: adjustment of the financial statements due to an error, a major error in the risk management system leading to significant loss, serious misconduct of the members of the Board or executive managers in violation of the Romanian law. Moreover, if cash payments or share transfers are based on incorrect data, the Board members and Executive Managers are obliged to reimburse the remuneration received based on such miscalculations.



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