



**Transilvania
Investments**

REMUNERATION POLICY

Transilvania Investment Alliance
Alternative Investment Fund Manager

Reviewed, in force as of 28.04.2022

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Preambul

Transilvania Investments Alliance is a Romanian legal person organised as a joint stock company (S.A.). The company is listed on Bucharest Stock Exchange, the share trading being subject to the rules applicable to the regulated market and closed-end alternative investment funds.

According to its Articles of Incorporation, Transilvania Investments Alliance is self-managed, diversified closed-end Retail Investor Alternative Investment Fund (**R.I.A.I.F.**), set up as an investment company. At the same time, Transilvania Investments Alliance is authorized as an Alternative Investment Fund Manager (**A.I.F.M.**)

Transilvania Investments Alliance complies in a way and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities, with the remuneration principles in accordance with the requirements of **Law no. 74/2015** on alternative investment fund managers, requirements of **ESMA Guidelines no. 232/2013** and in accordance with the provisions of **Law no. 24/2017** on issuers of financial instruments and market operations, as subsequently amended and supplemented.

The **remuneration policy** applies to the personnel from all the levels of the organisational structure of the company. This policy describes the formal approach used by Transilvania Investments Alliance (hereinafter referred to as the “Company”) in order to establish the remuneration of the categories of personnel whose professional activities have a significant impact on the Company’s risk profile (identified personnel).

The remuneration policy is the general framework established by the **Ordinary General Meeting of Shareholders** and implemented by the Company, and it refers to the modality of remunerating the identified personnel and it corresponds to the long-term business strategy, goals, values and interests of the Company and shareholders.

The purpose of this policy is to provide a **transparent** general image of the remuneration principles and methods used by S.I.F. Transilvania, the company promoting a **goal-based** management system. The company places the remuneration and motivation of the persons identified for reaching the goals in the centre of its long-term strategy, given the fact that it operates on an extremely competitive market.

The remuneration policy is **clear, flexible** and **consistent** and creates the premises for a sustainable economic growth and at the same time consolidates the **culture, vision, mission** and **values** of Transilvania Investments Alliance, being revised on regular basis for relevance and reliability.

The remuneration policy explains the decision-making process that leads to its establishment, revision and enforcement, including measures to avoid conflicts of interests, the role of the Remuneration Committee or of other involved committees.

The remuneration policy describes the way in which the remunerations and conditions for hiring the employees of the Company were considered, upon establishing the remuneration policy.

The possible rates and/or fees paid to third parties under contracts concluded with them do not fall under this remuneration policy. Moreover, the settlement of expenses incurred by the identified personnel for business purposes is not considered remuneration within the meaning of this policy.

Transilvania Investments Alliance’s remuneration policy is compatible with the Company’s policies regarding the integration of the sustainability risks in the decision-making processes concerning the investments.

The main legislative framework of this Remuneration Policy is:

- Law no. 74/2015 on alternative investment fund managers;
- F.S.A. Regulation no. 10/2015 regarding the management of alternative investment funds, as subsequently amended and supplemented;
- ESMA Guidelines no. 232/2013 regarding solid remuneration policies in accordance with DAFIA;
- Law no. 31/1990 on companies;
- Law no. 24/2017 on issuers of financial instruments and market operations, as subsequently amended and supplemented, republished.

1. DEFINITIONS

The Company – Transilvania Investments Alliance

Identified staff - categories of staff, including senior management, risk takers, control functions and any employee receiving a total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company.

Control functions - staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within Transilvania Investments Alliance.

Remuneration bracket - the range of the total remuneration of each of the staff members in the senior management and risk taker categories - from the highest remunerated individual to the lowest remunerated individual in these categories.

Fixed (component) remuneration - the fixed component of the remuneration, unconditioned by the fulfilment of Transilvania Investments Alliance's objectives and of the individual ones, whose main element is the employee's basic salary, the benefits respectively, the bonuses vested based on the law, respectively the employment contract/mandate.

Variable (component) remuneration - form of payment or additional indemnity paid by the company by considering performance criteria.

Quantitative criteria - for the purposes of this remuneration policy, the data predominantly numerical or financial used to determine the variable remuneration of a relevant individual.

Qualitative criteria - other than quantitative criteria.

Measured year - financial year concerned when measuring and assessing the performance of the individuals concerned, based on which the amount of remuneration is determined depending on performance.

Instruments - shares issued by Transilvania Investments Alliance or equivalent shareholdings in equities or instruments afferent to equivalent non-monetary instruments or shares.

Malus - an arrangement that allows Transilvania Investments Alliance to prevent vesting of all or part of the amount of a deferred remuneration award in relation to risk outcomes or performance of Transilvania Investments Alliance as a whole, the business unit, and, where possible, the staff member. Malus is a form of ex-post risk adjustment.

Clawback - contractual agreement in which the staff member agrees to return ownership of an amount of remuneration to Transilvania Investments Alliance under certain circumstances. This measure can be applied to both upfront and deferred variable remuneration. When related to risk outcomes, clawback is a form of ex-post risk adjustment.

Supervisory function - Supervisory Board of Transilvania Investments Alliance, a corporate body which supervises the activity of the Executive Board.

Management body - Executive Board of Transilvania Investments Alliance, corporate body responsible for the (executive) management of the company.

Retention period - period of time during which variable remuneration that has been already vested and paid out in the form of instruments cannot be sold.

Accrual period - period during which the performance of the staff member is assessed and measured for the purposes of determining their remuneration.

Deferral period - the deferral period is the period during which the variable remuneration is withheld following the end of the accrual period.

Vesting point (ownership of entitlements) - a part of the remuneration is vested when the staff member receives the payment and becomes the legal owner of their remuneration. Once the remuneration vests, no explicit ex-post adjustments can occur apart from clawback clauses.

2. FUNDAMENTAL PRINCIPLES

In defining and implementing the Remuneration Policy, Transilvania Investments Alliance complies, in a way and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities, with the following remuneration principles, in accordance with the requirements of **Law no. 74/2015** on alternative investment fund managers, requirements of **ESMA Guidelines no. 232/2013** and **Law no. 24/2017** on issuers of financial instruments and market operations:

- a. The remuneration policy is aligned to the long-term strategy of the Company and to its short-term elements, ensuring a balance between the remuneration of the shareholders and that of the identified staff.
- b. The Company promotes sustainability; therefore, the remunerations are meant to stimulate the medium and long-term motivation and to avoid excessive focusing on obtaining short-term unsustainable gains.
- c. The remuneration is established in accordance with the relevant performance, allowing the Company to attract and keep top professionals.
- d. Remunerations are determined in the context of the conditions of the market in which the Company operates in order to ensure the recruitment competitiveness and efficiency.
- e. The dynamics and logics of the remuneration schemes are conceived by considering the coherence and transparency, focusing on full understanding by all internal and external information users of criteria established by it.
- f. The remuneration policy is compatible with sound and effective management of risks, promoting this type of management, without encouraging undertaking of risks that is not compliant with the risk profile, rules or article of incorporation of Transilvania Investments Alliance;
- g. The remuneration policy is compatible with the business strategy, goals, values and interests of the Company, and also with the interests of the investors of Transilvania Investments Alliance, and it contains measures to avoid the conflicts of interest;
- h. The Supervisory Board adopts and revises on regular basis the general principles of the remuneration policy, and it is responsible for enforcing it; the remuneration policy and its significant amendments are subject to the approval of the general meeting of the shareholders;
- i. The enforcement of the remuneration policy is subject, at least once a year, to an internal assessment of the compliance with the remuneration policies and procedures adopted by the Supervisory Board;

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- j. The staff members holding control functions are remunerated depending on whether the goals related to their position are met or not and independent of the results of the functional departments of the company;
- k. The remuneration of the persons holding risk management and compliance assurance positions is directly supervised by the Remuneration Committee;
- l. When the remuneration depends on the performance, its total value is calculated depending on an assessment in which the individual performances and global results of Transilvania Investments Alliance are combined, and in assessing the individual performances, both financial and non-financial criteria shall be considered.
- m. The performance is assessed in a multiannual framework adequate to the life cycle of Transilvania Investments Alliance, in order to guarantee that the assessment process is based on longer-term performance and that the actual payment of the remuneration components, which depend upon the performance, are carried out for a period which considers the redemption policy of Transilvania Investments Alliance and its investment risks;
- n. Between the fixed and the variable component of the total remuneration there is an adequate balance, and the fixed component accounts for a sufficiently high percentage out of the total remuneration in order to allow the implementation of a policy as flexible as possible regarding the variable components of the remuneration, which to include the possibility to not pay any variable component of the remuneration;
- o. The payments afferent to the early termination of a contract reflect the performance reached in time, and they are conceived so that they do not reward failures;
- p. The performance measurement used in the calculation of the variable components of the remuneration contains a comprehensive adaptation mechanism which to include all the pertinent types of possible risks;
- q. A substantial percentage, at least 40% of the variable component of the remuneration, is deferred over an adequate period, and it is correctly aligned to the nature of the risks undertaken by the Company.
The period referred to in this letter is 3 years; the remuneration due under deferral arrangements is granted not faster than on a pro-rata basis;
- r. The variable remuneration, including the deferred share, is paid or granted only if it is sustainable depending on the financial situation of Transilvania Investments Alliance as a whole, and it is justified by the performance of the department (if applicable) and of the concerned person;
- s. In the case of the remuneration based on performance, its total value is calculated depending on the assessment of the outcomes of the concerned person and the general outcomes of the Company.
- t. The total variable remuneration is generally significantly decreased or not granted in case of underperformance or negative performance of Transilvania Investments Alliance, considering both the current remunerations and the decreases in the previously earned amounts, including by applying malus principle or by means of recovery mechanisms;
- u. The performance measurement considers risks (current and future) that can affect the results, and takes into account the cost of the capital and the necessary liquidities.
- v. The staff is required to engage in not using personal hedging and insurance strategies regarding the remuneration or liability to undermine the effects of the alignment of the risks provided in their remuneration regimes.
- w. The variable remuneration is not paid via instruments or methods which to facilitate the avoidance of complying with the legal requirements in force.

3. DESIGN, APPROVAL AND OVERSIGHT OF THE REMUNERATION POLICY

1.1. Shareholders' involvement

The Company established a remuneration policy concerning the identified staff with regard to which the shareholders are entitled to vote in the **Ordinary General Meeting of the Shareholders**.

The remuneration policy, approved by the shareholders, is published on the Company's website together with the result of the vote of the shareholders.

The Company prepares a **Remuneration Report** which is submitted to the vote of the Ordinary General Meeting of Shareholders together with the financial statements, on annual basis, starting with the year following the approval of the remuneration policy, the shareholders' vote having a consultative character. The Remuneration Report is available on the Company's website for a 10-year period.

The remuneration report provides a comprehensive overall image of remunerations, including of all the benefits, irrespective of their form, that are individually granted or owed during the last financial year, to the members of the executive structure, including to the newly recruited ones and to the former members, in accordance with the remuneration policy.

The decisional flow with regard to the remuneration policy is briefly as follows:

	O.G.M.S.	Supervisory Board	Executive Board	Remuneration Committee
Remuneration Policy (approval)	approves	proposes	proposes	Endorses and monitors
Remuneration Report	consultative vote	approves	proposes	Formulates the recommendation
Approval of share redemption (general limit of variable remuneration)	approves	proposes	proposes	Formulates the recommendation

1.2. Supervisory Board and Executive Board of the Company

The **Supervisory Board** adopts and revises on regular basis the general principles of the remuneration policy. The significant amendments to the remuneration policy are subject to the approval of the general meeting of shareholders. The Supervisory Board ensures that all the commitments regarding the remuneration are correctly and responsibly structured, and that the remuneration policy allows and promotes sound and effective risk management and does not encourage risk-taking which to exceed the risk tolerance level of Transilvania Investments Alliance.

The **Executive Board** of Transilvania Investments Alliance is responsible for the enforcement of the remuneration policy as approved by the Ordinary General Meeting of Shareholders, and its implementation is monitored by the Supervisory Board.

The variable remuneration of the key functions is approved by the Supervisory Board, and the variable remuneration of the staff identified under the Remuneration Policy is approved by the Executive Board in accordance with the legal provisions in force.

1.3. Remuneration Committee

The Company has established a **Remuneration Committee** which has a consultative role within the Supervisory Board. The Remuneration Committee is appointed by the Supervisory Board of Transilvania Investments Alliance, and it consists of at least two members of the Board, of which at least one member should be independent.

The composition of the Committee takes into account the fact that, at aggregate level, it should have sufficient professional skills and experience with regard to risk management and control activities, more specifically, with regard to the mechanism of aligning the remuneration structure to the Company's risk profile.

The role of the Remuneration Committee is to provide advice/to assist the Supervisory Board in establishing/overseeing the implementation of the remuneration policies and practices.

Thus, in conjunction with the corporate governance principles and the regulations applicable to the Company, the main responsibilities of the Remuneration Committee are as follows:

- i. Analyses and makes proposals to the Supervisory Board with regard to the total annual package of the variable remuneration within the Company.
- ii. Makes proposals regarding the remuneration policy.
- iii. Monitors the implementation of the remuneration policy within the Company.
- iv. Reviews, provides advice, prepares the decisions regarding the remuneration.
- v. Assists the Supervisory Board in complying with its tasks and responsibilities regarding the remuneration policy.
- vi. Evaluates, on annual basis, the performances of the members of the Executive Board and of the persons holding key positions, and submits proposals to the Supervisory Board with regard to the variable remuneration of each of these persons. In order to support the decision to grant a variable remuneration, the Committee shall issue an opinion based on a substantiated analysis.
- vii. Monitors and oversees the variable remunerations of the Executive Board and persons holding key positions, in accordance with the applicable regulations.

In order to comply with the remuneration-related responsibilities, the Remuneration Committee has the following prerogatives:

- a. Provides support and advice to the Supervisory Board with regard to the remuneration policy of the Company.
- b. Provides information to the Supervisory Board and analyses the proposals of the Company's shareholders, and makes recommendations by reference to them.
- c. Ensures that the shareholders are provided with adequate information regarding the remuneration.
- d. Selects the advisors who will assist the committee in fulfilling its prerogatives, if the case may be.
- e. It has access to the data and information regarding the decision-making process of the Supervisory Board with regard to the design and implementation of the remuneration system.
- f. It has access to the data and information originating from the risk management and control/compliance functions.
- g. It has access to the support of the internal control system and of other competent functions (e.g., Human Resources, Legal).

1.4. Control functions

The control functions within the Company have an active role in the preparation and continuous monitoring of the implementation of the Remuneration policy, contributing to the establishment of the general

remuneration strategy of the Company. In order to fulfil their functions, they collaborate with the Supervisory Board, Remuneration Committee and Executive Board, and contribute to the promotion of an efficient risk management. Their main roles and responsibilities are as follows:

1. **The risk management function** evaluates the way in which the structure of the variable remuneration affects the risk profile of Transilvania Investments. The risk management function validates and evaluates the risk adjustment data, and it participates in a meeting of the Remuneration Committee for this purpose.
2. **The compliance function** analyses the way in which the remuneration structure affects the compliance by Transilvania Investments with the laws, internal policies and regulations.
3. **The internal audit function** performs on regular basis an independent audit of the preparation, enforcement and effects of the remuneration policy of Transilvania Investments.

4. IDENTIFICATION OF STAFF CATEGORIES

Identified staff personnel means the categories of staff, including senior management, risk takers, control functions and any employee receiving a total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company.

The following categories of staff are part of category *identified staff*, except the case in which it is demonstrated that they do not have a significant impact on the Company's risk profile:

- i. Members of the Executive Board and members of the Supervisory Board.
- ii. Control functions (Compliance Officer; Risk Manager).
- iii. Persons in charge of the enforcement of the policies and procedures regarding asset valuation at Company level (valuer from the department in charge of asset valuation).
- iv. Persons appointed at Company level for the prevention and anti-money laundering and anti-terrorism financing (ML/TF).
- v. Identified staff who undertake responsibilities with significant impact on the company's risk profile, namely the staff from departments such as: business development, analysis, trading, portfolio management, information technology, administration, president office, corporate governance, legal.
- vi. Other persons who, considering their fixed remuneration level, fall within the same category as the persons identified at letter v).

5. TYPES OF REMUNERATION

Staff remuneration structure consists of two main elements: **fixed remuneration**, and it may include a **variable remuneration** and/or other benefits.

5.1. Fixed (basic) remuneration

It is the fixed component of the remuneration, not conditioned by the fulfilment of certain performance criteria, whose main element consists of the salaries or indemnities granted in accordance with the management/mandate contract.

The company intends to provide a competitive basic remuneration, which to be aligned to the market practices, considering the focus on the variable share of the remuneration.

The level of the fixed (basic) remuneration is determined by considering the relevant professional experience and the responsibility within the company (level of undertaken risk and decision, liability, authority and control) for each position within the organisational structure of Transilvania Investments.

The limits of the monthly remuneration for the Executive Board members are established by the Supervisory Board as follows: the limits of the monthly remuneration for the President of the Executive Board are set between 7 and 9 gross average salaries per company and the limits of the monthly remuneration for the Vice-Presidents of the Executive Board are set between 4 and 6 gross average salaries per company.

For each position within the organisational structure of Transilvania Investments, roles and responsibilities are clearly defined together with a set of skills and competencies necessary to hold the concerned position.

A remuneration is considered fixed when the conditions provided below are complied with:

- It is based on predetermined criteria.
- It is not discretionary in terms of professional experience and seniority levels.
- It is transparent in terms of the individual amount that is granted.
- It is permanent (maintained for a long period of time, being closely connected to the specific role and responsibilities).
- It is irrevocable (the permanent amount can be changed only through negotiation or annual revision).
- It may not be unilaterally decreased, suspended or cancelled by the company without the consent of the other party.

The fixed remuneration may be revised, annually or whenever necessary, also based on the results of the analysis and evaluation of performances and/or market conditions (for example, inflation, level of salaries in the activity sector etc.).

Other types of benefits

The Company's employees may additionally receive monetary and non-monetary benefits such as: vacation allowances, legal holiday allowances, gifts in cash or in kind or gift vouchers in various occasions, meal vouchers, vacation vouchers, monthly incentive for the substituted function, medical subscriptions, private health insurances, mobile access.

Payment of fixed remuneration

The monetary and non-monetary component, representing the fixed remuneration, are paid by Transilvania Investments to its staff on monthly basis or as the case may be.

5.2. Variable remuneration

Variable remuneration is an additional payment or indemnity paid by the Company by considering performance criteria, being intended to recognize the performance of the identified staff within a certain period of time, and it is a differential element of the remuneration package.

The variable remuneration is granted by complying with the following general limitation: the total variable remuneration shall not exceed 1.2% of the average total asset value afferent to the year for which the variable remuneration is established, calculated and reported in accordance with the legal provisions in force.

5.2.1. *Ratio between fixed remuneration and variable remuneration*

The total annual remuneration consists in a fixed component and a variable component. There is an adequate balance between the fixed and variable component of the total remuneration.

Basic component (fixed remuneration) represents a sufficiently large share of the total remuneration, a fact which provides the Company with full flexibility as concerns the policy of granting the variable component.

Variable remuneration is an occasional component of the total annual remuneration, which can exclusively reward the performance of the Company's staff.

5.2.2. *Performance and risk measurement*

The eligibility conditions for the annual payment of the variable component of the remuneration consider:

- Individual performance, with regard to both annual objectives (KPI) and the aggregate performance of the Company.
- Operational (non-financial) performance.
- General achievements in the field of social responsibility.

The measurement of the risk-aligned performance is carried out in an adequate framework to guarantee that the assessment process is based on performance and that the actual payment of the variable remuneration components which depend on performance, is carried out for a period which considers the Company's policies and their inherent risks.

The performance is assessed in a multi-year framework in order to ensure that the assessment process is based on long-term performance results.

The outcomes of the assessment process are the basis of the motivational policies, including by granting a variable remuneration.

The total variable remuneration is calculated so that it is in direct connection to both the individual performance level that is reached and:

- The performance of the operational department which the staff member is part of (as the case may be);
- The global performance of the Company, also existing the possibility of non-payment of the variable component, in case of an unsatisfactory performance.

In the process of assessing the individual performance, both *quantitative (financial) criteria* and *qualitative (non-financial) criteria* are considered.

QUANTITATIVE CRITERIA - are the financial indicators used to establish the variable remuneration of an identified staff member. Quantitative measures cover a period which is long enough to properly capture the risk of the staff member's actions.

QUALITATIVE CRITERIA - cover a period which is long enough to properly capture the risk of the staff member's actions, and there are criteria other than the quantitative ones. The qualitative criteria are described in this Policy for each category of identified staff.

Negative non-financial performance and especially the unethical or inconsistent/inadequate behaviour prevails by reference to any adequate financial performance of an identified staff member, and it may determine the decrease of their variable remuneration.

Control functions

In no situation the control functions shall be assessed depending on the financial performance of the Company or on the performance of the business lines/departments which they control.

The annual assessment of the staff members in control functions and the granting of the variable component of the remuneration shall not be directly correlated with situations such as, for example approval of a transaction, making decisions or recommendations regarding risk and financial control issues. The variable component is not correlated with the Company's financial results, but it shall be granted within the limits provided by the annual revenue and expenditure budgets, approved by the General Meetings of Shareholders.

5.2.3. Qualitative criteria for the identified staff categories

Qualitative criteria for the Supervisory Board members

Qualitative criteria for the members of the Supervisory Board are represented by the fulfilment of the following goals:

- a) Carrying out of the strategic management of the Company;
- b) Implementation of an efficient corporate governance system and enforcement of the corporate governance principles;
- c) Degree of achievement of the general assessment goals at the level of the Company;
- d) Fulfilment of the goals represented by the implementation of the risk management policies and strategies and classification of the Company within the risk profile and limits;
- e) Compliance with ethical and professional standards in order to ensure a professional and responsible behaviour so that to prevent the occurrence of the conflicts of interests and to manage such conflicts;
- f) Fulfilment of the goals represented by the supervision and control of the compliance with the legal provisions in force and internal procedures of the company for the purpose of preventing the occurrence of legal and internal non-compliance situations.
- g) Improvement of the governance score independently established by ARIR for the entity.

Qualitative criteria for the Executive Board members

Qualitative criteria for the members of the Executive Board are represented by the fulfilment of the following goals:

- a) Implementation of the investment strategy and policies of the Company;
- b) Implementation of the systems for the management and proper performance of activities of the Company;
- c) Implementation of an efficient corporate governance system and enforcement of the corporate governance principles;
- d) Fulfilment of the goals represented by the implementation of the risk management policies and strategies and classification of the Company within the risk profile and limits;
- e) Compliance with ethical and professional standards in order to ensure a professional and responsible behaviour so that to prevent the occurrence of the conflicts of interests and to manage such conflicts;

- f) Fulfilment of the goals represented by the supervision and control of the compliance with the legal provisions in force and internal procedures of the company for the purpose of preventing the occurrence of legal and internal incompliance situations.

Qualitative criteria for the staff members in control functions

The remuneration of the staff members in control functions consists of the fixed component (salary) and a variable component. Transilvania Investment Alliance ensures a level of the fixed remuneration of the staff members in control functions which allows it to hire qualified and experienced personnel in such positions.

The variable component is occasional and it is granted depending on the results of the annual assessment of the personnel. The variable remuneration of the staff members in control functions depends on the achievement of the goals related to their positions, without any direct correlation with the performance of the departments which they monitor and control.

The qualitative criteria for the **Compliance Officer** are represented by the achievement of the goals represented by the supervision and control of the compliance by Transilvania Investment Alliance and its staff with the legal provisions in force and the internal procedures of the Company for the purpose of preventing the occurrence of legal and internal incompliance situations.

The qualitative criteria for the **Risk Manager** are represented by the achievement of the specific goals, namely the implementation of the risk management policies and strategies, and also of the efficient risk management procedures, models, processes and measures in order to identify, measure, manage and permanently monitor all the relevant risks which Transilvania Investments Alliance is or can be exposed to.

The qualitative and quantitative criteria underlying the setting of the variable component for the identified staff (staff in charge of the enforcement of the policies and procedures regarding the asset valuation, staff appointed to prevent and fight money laundry and terrorism financing, staff undertaking responsibilities with significant impact on the risk profile of Transilvania Investments Alliance (staff from business development, analysis, trading, portfolio management, financial, information technology, administrative, president office, corporate governance and legal departments) shall be established through the internal procedures of the Company.

5.2.4. Procedure for the payment of variable remuneration

Variable remuneration payment structure

Given the legal provisions in force and the basic principles which the remuneration policy of Transilvania Investments Alliance is based upon, the variable remuneration shall be paid 100% in the form of instruments/shares issued by the Company:

- 60% of the variable remuneration is the initial component and the 40% of the variable remuneration is subject to the deferral period;
- The deferral period is of three years;
- The 40% component subject to the deferral period is proportionally granted at the end of each of the three years $n+1$, $n+2$ and $n+3$, where “ n ” is the year for which the performance is assessed in order to establish the variable remuneration, according to Annex no. 1, as follows:
 - 13.4% of the deferred variable share shall be paid in $n+1$;
 - 13.4% of the deferred variable share shall be paid in $n+2$;
 - 13.3% of the deferred variable share shall be paid in $n+3$;
 - “ n ” is the accrual period (the year for which the variable remuneration is granted).

The payment of the deferred component of the variable remuneration shall be made usually in April, every year (n+1, n+2, n+3), provided that the approved goals are achieved. This payment mechanism shall be replicated for each year “n”, which is defined as the “accrual period” and for each of the following three years (n+1, n+2, n+3), which is defined in this policy as “deferral period” and “granting point”, respectively.

Criteria based on which the deferred variable remuneration is vested

During the entire deferral period, the effects arising in time in relation to the activity of the person subject to the Remuneration Policy of Transilvania Investments Alliance shall be assessed and, depending on the assessment results, the amount of the deferred remuneration shall be decreased even up to 100% of the partially deferred due amount, as the case may be.

The entitlement to payment of the deferred instalments shall be established based on the criteria provided in this policy, which analyses the prudential operation and assessment of the risks afferent to the activities of the concerned staff members.

The adjustment to risks prior to granting, i.e. *ex-ante* adjustment, is based on risk indicators and it ensures the fact that the variable remuneration is fully aligned to the undertaken risks.

The adjustment to risks subsequent to the granting of the variable remuneration, *ex-post* adjustment, is the risk alignment mechanism through which the Company adjusts the variable remuneration of the staff member by means of *malus* or *clawback* clauses and it is always related to performance or risks. It occurs in case the *ex-ante* risk adjustment was not sufficient or if new unexpected risks or losses occurred.

The vesting criteria for the deferred variable share are analysed before paying out any of the instalments of the variable remuneration subject to the deferral procedure or upon the termination of the mandate/employment contract.

When the vesting criteria for the deferred share are not complied with, up to 100% of the variable remuneration granted under these conditions may be subject to *malus* agreements.

The criteria especially cover the situations in which:

- Evidence of misbehaviour or serious error by the employee or member of the Executive Board or member of the Supervisory Board (e.g., failure to comply with the legal or internal regulations, especially with regard to the risks, conflicts of interests, code of conduct of the company and ethical standards) was identified.
- The conduct of the employee or member of the Executive Board or member of the Supervisory Board resulted in significant losses or they were liable for such conduct.
- The employee or member of the Executive Board or member of the Supervisory Board has not succeeded in complying with the good reputation, honesty and integrity requirements;
- The Company suffers significant decrease of its aggregate financial performance.

Malus

The Company uses specific criteria by which it enforces malus and clawback mechanisms. These criteria include the following:

- Evidence of misbehaviour or serious error by the identified staff member (e.g. breach of code of conduct, if any, and other internal rules, especially concerning ethical standards and risks).

REMUNERATION POLICY

- The Company or the department in which the identified staff member works suffers a significant failure of risk management (in such case, specific indicators shall be used).
- Significant changes in the overall financial situation of the Company.
- Failure to comply with the obligations arising from the employment relationship.
- Failure to comply with labour legislation, internal regulations, regulations of the management bodies, professional provisions applicable to the respective functions.

Claw-back

The Company may use specific criteria by which clawback mechanisms are enforced. The criteria applied are as follows:

- The Company suffers a subsequent significant downturn in its financial position: decrease of the net asset value by more than 20%, but only if the reasons for the decrease are not due to the measures/actions/decisions made by the Executive Board members, Supervisory Board members and the identified staff during their mandate/contract period.
- Variation of the net asset value, that will be analysed to establish the payment right of the variable remuneration for the years when payments were deferred, shall be the difference between the average value recorded in the year before the year when the payment is carried out and the corresponding value recorded in the previous year.
- In addition to the paragraph above, the performance-based remuneration previously paid shall be reimbursed in case serious offences or omissions, abuses, deficiencies which significantly affected the credibility and/or profitability of the Company, are found.

Payment of variable remuneration after the identified staff leaves (employee, member of the Executive Board or of the Supervisory Board)

The variable remuneration owed proportional to the mandate/ period contract *in the final year of the mandate* (in case the mandate ends during the calendar year) shall be paid up to date (for the non-deferred variable portion) and according to the deferral rules provided in this policy for the deferred remuneration portion.

For the staff ending their mandate as member of the Executive Board or the management contract as member of the Supervisory Board or the employment contract in the case of the identified staff, the remuneration deferred according to this policy shall be paid in compliance with the deferral schedule, also after their leaving.

The payment of the variable remuneration (for the period subsequent to the member of the Executive Board and/or Supervisory Board or identified staff leaving) is conditioned by the maintenance of a variation (decrease) of the net asset value of up to (maximum) 20%, but only provided that the reasons for the decrease are not due to the measures/actions/decisions made by the members of the Executive Board or Supervisory Board or by the identified staff during their mandate/contract period.

The variation of the net asset value, that will be analysed to establish the payment right of the variable remuneration for the members of the Executive Board or Supervisory Board or identified staff who left the company, for the years when payments were deferred, shall be the difference between the value recorded at the end of each calendar year prior to the one in which the payment is made and the value recorded in the previous year.

Therefore, if they leave the Company during year n, the deferred variable remuneration afferent to years n, n-1, n-2 (i.e. the variable remuneration instalments from the previous years, which were deferred according to this policy) shall be paid in April in year n+1, and in the following years, the deferred variable remuneration shall be paid until all the deferred instalments are paid in full.

Redemption of shares from the market

In accordance with the legal provisions and the Articles of Incorporation of the Company, the redemption of the shares from the market for the payment of variable remuneration within the program shall take place with the prior approval from the Extraordinary General Meeting of Shareholders, which shall establish on annual basis the number of shares to be redeemed, the period during which redemption procedures shall be carried out and the price range in which they shall be redeemed.

6. MANAGEMENT CONTRACTS

The period of the management and mandate contracts is usually of maximum four years, with proper enforcement of the provisions of the Articles of Incorporation of the Company. The contracts stipulate the period, the agreements and the applicable notice periods, the main characteristics of the supplementary pension or anticipated retirement systems (if applicable), and also the contract termination conditions and the payments afferent to the termination.

The approved financial and non-financial performance indicators are elements based on which the variable component of the remuneration is determined. The remuneration and the benefits granted to the members of the Supervisory Board and to the members of the Executive Board, according to the provisions of the management/mandate contract, shall be presented in the audited annual financial statements, the annual Report of the Remuneration Committee and in the Report of the Supervisory Board/Executive Board.

The remunerations and benefits granted shall be presented in the remuneration report, prepared for the last financial year in accordance with the legal provisions. The remuneration report is submitted to the vote of the Ordinary General Meeting of Shareholders together with the financial statements, the shareholders' vote having a consultative character. The Remuneration Report is available on the Company's website for a 10-year period.

The benefits may be granted according to the contracts, and they consist of facilities granted for the execution of the mandate (access to mobile communications, remote communication means and instruments, means of transportation etc.). The payment of the professional liability insurance shall be borne by the Company and it is not part of the remuneration.

7. REVISION OF THE REMUNERATION POLICY

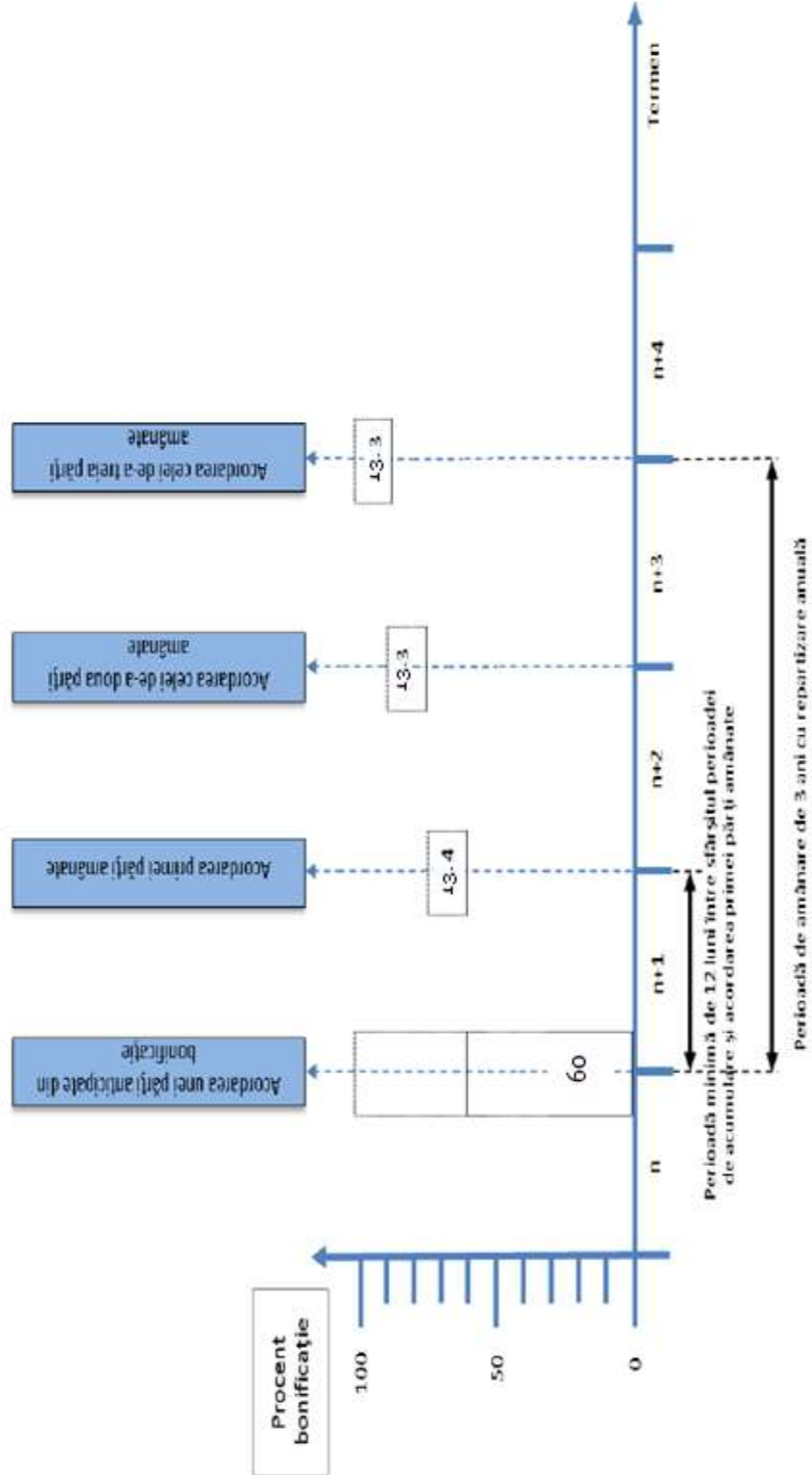
The Remuneration Policy is subject to revision at least every four years or whenever significant amendments are necessary. The significant changes and the way in which the votes and opinions of the shareholders were considered with regard to the remuneration policy shall be described within the revision process.

The amendments to be made to the remuneration policy shall consider the economic context, the Company's activity and also its strategy and strategic goals.

8. DEROGATIONS FROM THE REMUNERATION POLICY

In exceptional circumstances, the Company may temporarily derogate from the remuneration policy, a case in which all the stakeholders shall be informed with regard to the objective reasons of such derogation and the elements of the policy the Company will derogate from. Such exceptional circumstances refer only to the situations in which the derogation from the remuneration policy is necessary in order to fully serve the interests and sustainability of the company on long term or to ensure its viability.

Annex no. 1 – Deferral Schedule



**Excerpt from the Resolution no. 1 of the Ordinary General Meeting of Shareholders
of Transilvania Investments Alliance S.A. dated 28 April 2022**

Art. 12 – Approval of the review of the Remuneration Policy of Transilvania Investments Alliance S.A., applicable from 2022.

This article was approved with 993,583,559 votes “for”, representing 96.92% of the total votes cast. A number of 1,025,181,242 valid votes were cast for this article, representing 47.64% of the total number of the voting shares and were distributed as follows: 993,583,559 votes “for”, 31,597,683 votes “against” and 9,132 abstentions.