

2021 REMUNERATION REPORT OF TRANSILVANIA INVESTMENTS ALLIANCE S.A.

This report is prepared in accordance with the legal provisions and will accompany the annual financial statements of Transilvania Investments Alliance S.A. The report is intended to present an overview of the remuneration and benefits granted during the last financial year to the Company's management, in accordance with the Remuneration Policy approved by the shareholders.

The report for the financial year 2021 (the *Report*) has been prepared in accordance with the provisions of Law 24/2017 *on issuers of financial instruments and market operations*, as further amended and supplemented, including the provisions of Law no. 158/2020. The Report will be submitted to the vote in the annual Ordinary General Meeting of Shareholders of April 2022, the shareholders' vote having a consultative character.

The Remuneration Report shall be published on the Company's website www.transilvaniainvestments.ro and it will be available to the public for a 10-year period.

Considering the Company's capacity as an Alternative Investment Fund Manager (A.I.F.M.) and Retail Investor Alternative Investment Fund (R.I.A.I.F.), the Report is prepared also in accordance with the specific legislative framework, namely:

- Law no. 74/2015 *on alternative investment fund managers*;
- F.S.A. Regulation no. 10/2015 *on the management of alternative investment funds*, as further amended and supplemented;
- ESMA Guide 232/2013 *on sound remuneration policies under AIFMD*;
- Law no. 31/1990 *on companies*;
- Law no. 24/2017 *on issuers of financial instruments and market operations*.

1. Management structures

In accordance with the Articles of Incorporation, Transilvania Investments Alliance S.A. is managed under a two-tier system by an Executive Board which carries out its activity under the control of the Supervisory Board.

Supervisory Board

The members of the Supervisory Board are elected by the general meeting of shareholders by secret vote, for a 4-year mandate.

The members of the Supervisory Board carry out their activity based on management contracts (signed on behalf of the Company by the President of the Executive Board), the Organization and Operation Regulation of the Supervisory Board and the Company's Articles of Incorporation.

In accordance with the Articles of Incorporation, the Supervisory Board is composed of five members, individual persons.

As at 31.12.2021, the Supervisory Board of Transilvania Investments Alliance S.A. is composed by: Mr. Paul-George Prodan-Chairman, Mr. Radu Momanu -Deputy Chairman, Mr. Patrițiu Abrudan-member, Mr. Marius-Petre Nicoară – member and Mr. Constantin Frățilă -member.

The Supervisory Board members have been elected by the Ordinary General Meeting of Shareholders of 04.12.2020, for a 4-year mandate, starting with the date of authorization by the F.S.A. of the Board composition. The Supervisory Board members have been authorized by the F.S.A. through Authorizations no. 69/19.04.2021 and no. 80/27.04.2021.

Between January and April 2021, until the authorization of the new members by the F.S.A., the Supervisory Board of the company was composed of Mr. Crinel Valer Andănuț - Chairman, Mr. Nicolae Petria – Deputy Chairman, Mr. Constantin Frățilă - member and Mr. Gheorghe Luțac - member.

According to the provisions of the Company Law, all members of the Supervisory Board are non-executive members, given that none of them hold an executive position within Transilvania Investments Alliance, the company being managed under a two-tier system.

Executive Board

The Executive Board of Transilvania Investments ensures the actual management of the Company. The members of the Executive Board are appointed by the Supervisory Board, one of them being appointed Executive President, also holding the position of CEO, and one being appointed Executive Vice-president, substitute of the President, also holding the position of Deputy CEO.

In accordance with the provisions of the Articles of Incorporation, the Executive Board is comprised of three members.

The mandate of the Executive Board members is granted for a 4-year period that can be extended for additional 4-year periods.

The members of the Executive Board perform their activity based on the mandate contract (signed on behalf of the Company by the president of the Supervisory Board), the Organisation and Operation Regulation of the Executive Board and the Company's Articles of Incorporation.

As at 31.12.2021, the Executive Board comprises of Mr. Radu-Claudiu Roșca - Executive President/Deputy CEO and Mr. Theo-Dorian Buftea - Executive Vice-President/Deputy CEO.

The current mandate of the Executive Board members expires on 20.04.2024.

Between 01.01.2021 and 11.09.2021, the Executive Board comprised of Mr. Marius Adrian Moldovan– Executive President/ CEO (mandate ended by the consent of the Parties, on 11.09.2021), Mr. Radu-Claudiu Roșca - Executive Vice-President/Deputy CEO and Mr. Tony-Cristian Răduță-Gib – Member of the Executive Board/Director.

Following the Supervisory Board resolution of 12.08.2021, between 13.09.2021 – 11.11.2021, the Executive Board comprised of: Mr. Radu-Claudiu Roșca - Executive President/Deputy CEO and Mr. Tony-Cristian Răduță Gib - Executive Vice-President/Deputy CEO (mandate ended by the consent of the Parties, on 11.11.2021).

Based on the resolution of the Supervisory Board of 30.09.2021 and the F.S.A. Authorization no. 229/03.11.2021, starting with 12.11.2021, the Executive Board of Transilvania Investments **Alliance** comprises of Mr. Radu-Claudiu Roșca - Executive President/Deputy CEO and Mr. Theo-Dorian Buftea - Executive Vice-President/Deputy CEO.

2. Remuneration of the Company's management

The remuneration of the Supervisory Board and Executive Board members is done according to the company's Articles of Incorporation and the Remuneration policy approved by the Ordinary General Meeting of Shareholders of 28.04.2021. The remuneration policy of the company was drafted in compliance with the provisions of Law no. 74/2015 *on alternative investment fund managers*, the ESMA Guide 232/2013 and Law no. 24/2017 *on issuers of financial instruments and market operations*. The remuneration policy is available on the Company's website, along with the result of the shareholders' vote.

The qualitative and quantitative performance indicators intended to recognize the performance of the management structures in the financial year 2021 were submitted to the approval of the Ordinary General Meeting of Shareholders of April 2021.

The proposals took into consideration the following:

- the provisions of the Articles of Incorporation and the Remuneration Policy submitted to the approval of the general meeting of shareholders of April 2021;
- the remuneration principles underlying the Company's remuneration policy, in accordance with the general business strategy and sound and effective risk management;
- the fact that the variable remuneration is granted by complying with the following general limitation: the total variable remuneration shall not exceed 5% of the net profit and the net gain from transactions reflected in retained earnings;
- *The Company's Strategy for 2020-2024* and the *Investment Policy Statement (IPS) for 2020-2024* establish a multiannual quantitative criterion, namely the increase of the Net Assets by at least 30% over the next 4 years, increase calculated before any distribution of dividends and/or other forms of shareholder remuneration (the reporting basis is the level of net assets at 30.06.2020).

The qualitative and quantitative performance indicators intended to recognize the performance of the management structures in the financial year 2021 are the following:

Supervisory Board (qualitative indicators, equal-weighted, with a 100% weight in the total fulfilment degree of the performance indicators)

1. Fulfilment of the objectives regarding the implementation of the risk management policies and strategies and compliance with the Company's risk limits and profile;
2. Implementation of an efficient corporate governance system and application of the corporate governance principles, respectively the improvement of the Company's corporate governance score independently established by ARIR;
3. Fulfilment of the objectives regarding the supervision and control of the observance of the legal provisions in force and the Company's internal procedures, in order to prevent the occurrence of legal and internal non-compliance situations.

Executive Board

A. Quantitative indicators (with a 60% weight in the total fulfilment degree of the performance indicators)

1. **Increase of the Net Asset Value by at least 6%** until the end of 2021, increase calculated before any distribution of dividends and/or other form of shareholder remuneration), increase calculated before any distribution of dividends and/or other shareholder remuneration methods, as compared to the net asset value as at 31.12.2020.

The weight of this criterion in the total annual quantitative criterion is 50%.

2. **Attainment of the net gain** (sum of net profit and net gain from transactions reflected in retained earnings) provided for by the Revenue and Expenditure Budget, approved by the General Meeting of Shareholders for the financial year 2021.

The weight of this criterion in the total annual quantitative criterion is 50%.

The proposal for the **net gain** of 2021 was minimum RON 45,000,000.

B. Qualitative indicators (equal-weighted, accounting for 40% of the total fulfilment degree of the performance indicators)

1. Implementation of an efficient corporate governance system and application of the corporate governance principles;
2. Fulfilment of the objectives regarding the implementation of the Company's risk management policies and strategies and compliance with the risk limits and profile;
3. Fulfilment of the objectives regarding the supervision and control of the observance of the legal provisions in force and the Company's internal procedures, in order to prevent the occurrence of legal and internal non-compliance situations.

The performance indicators will be applied starting with the assessment of the Supervisory Board and Executive Board members' performance in the financial year 2021.

The remuneration of the Supervisory Board and Executive Board members has a fixed component and it may also include a variable component of the remuneration.

The level of fixed remuneration of the Supervisory Board members and the Executive Board members is the following:

- The monthly remuneration of the Supervisory Board members is established at 2.0 company-average gross salaries for each member of the Board, 2.5 company-average gross salaries for the deputy chairman, and 3.0 company-average gross salaries for the chairman. The additional remuneration for the members of the Supervisory Board who are part of the advisory committees of the Supervisory Board represents 10% of the individual monthly remuneration, regardless of the number of committees of which they are part.
- The limits of the monthly remuneration of the Executive Board members are as follows: for the Executive Board President - between 7 to 9 company-average gross salaries, for the Executive Board Vice-President - between 4 to 6 company-average gross salaries, and for the Executive Board member - between 3 to 5 company-average gross salaries. The actual level of remuneration is established by management and mandate contracts.

Regarding the variable remuneration, it is granted by complying with the following general limitation: the total variable remuneration shall not exceed 5% of the net profit and the net gain from transactions reflected in retained earnings, in accordance with the remuneration policy approved by the shareholders.

The total variable remuneration afferent to the financial year 2021, granted to the Supervisory Board members, Executive Board members and the Company's staff, as recorded in the financial statements, amounts to RON 8,500,000, value which complies with the above-mentioned limitation.

The eligibility conditions for the annual payment of the variable remuneration component take into account:

- Individual performance, both in terms of annual objectives (KPIs) and the Company's performance as a whole.
- Operational performance (non-financial).
- General outcomes in terms of social responsibility.

The variable remuneration of the members of the Supervisory and Executive Board shall be approved by the General Meeting of Shareholders. The variable component shall not exceed 200% of the total fixed annual remuneration.

The members of the Supervisory Board and Executive Board and the company's staff are entitled to receive variable remuneration in the form of shares issued by the Company, within Stock Option Plan (SOP) programmes, approved annually by the Company shareholders, in compliance with the legal provisions in force regarding the variable remuneration within the A.I.F.M., and which represent at least 50% of the variable remuneration granted.

The Company has an ongoing benefit plan in the form of equity instruments for the Supervisory Board members, Executive Board members and the Company's staff, amounting to RON 4,250,000. The Company carried out a tender offer under which it bought back 10,443,797 own shares intended to be distributed within the SOP programme. No payments in the form of shares have been made until 31 December 2021.

During 2021, the members of the Supervisory Board and Executive Board were granted the monthly fixed remuneration, and in the case of the Supervisory Board members who were part of the advisory committees, the additional remuneration was granted, according to the Articles of Incorporation. The total remuneration granted in the financial year 2021 complies with the remuneration policy.

2.1 Remuneration of the Supervisory Board members

The remuneration structure of the Supervisory Board members for 2021 was the following:

Name/Position	Total gross remuneration (% of total Supervisory Board remuneration expense, presented in the annual financial statements)	Fixed remuneration ratio	Variable remuneration ratio
PRODAN PAUL	18.72%	100%	N/A
MOMANU RADU	15.70%	100%	N/A
ABRUDAN PATRIȚIU	12.68%	100%	N/A
NICOARA MARIUS PETRE	12.68%	100%	N/A
FRĂȚILĂ CONSTANTIN	18.11%	100%	N/A
ANDĂNUȚ CRINEL VALER	8.85%	100%	N/A
PETRIA NICOLAE	7.37%	100%	N/A
LUȚAC GHEORGHE	5.90%	100%	N/A

2.2 Remuneration of the Executive Board members

The remuneration structure of the Executive Board members for 2021 was the following:

Name/Position	Total gross remuneration (% of total Executive Board remuneration expense, presented in the annual financial statements)	Fixed remuneration ratio	Variable remuneration ratio
ROȘCA RADU-CLAUDIU	19.06%	100%	N/A
BUFTEA THEO-DORIAN	2.17%	100%	N/A
MOLDOVAN MARIUS ADRIAN	56.18%	100%	N/A
RADUȚĂ-GIB TONY-CRISTIAN	22.60%	100%	N/A

Other costs incurred by the Company in 2021 in respect to the Supervisory Board and Executive Board members are professional insurance costs, amounting to RON 96,656 and other costs (accommodation), amounting to RON 39,565.

Company performance and changes in remuneration during the last 5 years

	FY 2021 compared to FY 2020	FY 2020 compared to FY 2019	FY 2019 compared to FY 2018	FY 2018 compared to FY 2017	FY 2017 compared to FY 2016
Company performance					
Annual net profit (RON)	96,611,495	34,541,912	181,797,277	66,542,892	64,234,554
Variation (%)	+179.69	-80.99%	+173.20%	+3.60%	-6.63%
NAV per share (RON)	0.6413	0.5412	0.5818	0.4513	0.4426
Variation (%)	+18.49%	-6.97%	+28.92%	+1.96%	+5.78%
Net gain from transactions reflected in retained earnings (RON)	76,741,170	11,783,629	1,088,240	9,072,404	-
Variation (%)	551%	983%	-88%	-	-
Changes in the remuneration of the Supervisory Board members and Executive Board members					
Supervisory Board					
PRODAN PAUL	N/A	N/A	N/A	N/A	N/A
MOMANU RADU	N/A	N/A	N/A	N/A	N/A
ABRUDAN PATRIȚIU	N/A	N/A	N/A	N/A	N/A
NICOARA MARIUS PETRE	N/A	N/A	N/A	N/A	N/A
FRĂȚILĂ CONSTANTIN	+28.35%	+11.82%	+31.94%	+14.31%	+0.55%
ANDĂNUȚ CRINEL VALER	+28.35%	+11.82%	+31.94%	+14.31%	+0.55%
PETRIA NICOLAE	+28.35%	+11.82%	+31.94%	+14.31%	+0.55%
LUȚAC GHEORGHE	+28.35%	+11.82%	+31.94%	+14.31%	+0.55%
Executive Board					
ROȘCA RADU-CLAUDIU	+28.35%	N/A	N/A	N/A	N/A
BUFTEA THEO-DORIAN	N/A	N/A	N/A	N/A	N/A
MOLDOVAN MARIUS ADRIAN	+28.35%	N/A	N/A	N/A	N/A
RADUȚĂ-GIB TONY-CRISTIAN	+28.35%	N/A	N/A	N/A	N/A
Employee average remuneration based on full-time equivalent					
Employees (labour contracts) – average remuneration	132,650	122,258	181,080	114,627	89,639
Variation (%)	+8.50%	-32.48%	+57.97%	+27.88%	-2.91%
Employee average number	36	40	43	44	46

The changes in the remunerations of the Supervisory Board members and Executive Board members have been influenced by the changes in the company average salary level, based on which the remuneration is established.

N/A is mentioned for the cases in which the concerned person was not a member of the Supervisory Board or of the Executive Board in the respective year, or for the cases in which the concerned person was elected in the respective year, the comparison with the previous year not being applicable.

Annual gross remuneration granted during the last 5 years:
Supervisory Board

Total remuneration	2021	2020	2019	2018	2017
Total amount granted	2,224,542	3,068,210	5,274,646	2,934,469	2,085,339
Variation (%)	-27.50%	-41.83%	+79.75%	+40.72%	+0.82%

Executive Board

Total remuneration	2021	2020	2019	2018	2017
Total amount granted	4,430,197	2,382,981	5,287,147	2,721,919	1,833,898
Variation (%)	+85.90%	-54.93%	+94.24%	+48.42%	-4.48%

The variation of the total amount afferent to 2019 against the total amount afferent to 2018 is due to the fact that in 2019 variable allowances were granted in the form of participation in the 2018 profit, amounting to RON 2,119,762 for the Supervisory Board and RON 1,966,219 for the Executive Board.

The variation of the total amount afferent to 2021 against the total amount afferent to 2020 in the case of the Executive Board is due to the payments made by the company to Mr Moldovan Marius Adrian (59.65% of the total annual remuneration granted to Mr. Moldovan Marius Adrian in 2021) and to Mr. Răduță-Gib Tony-Cristian (36.63% of the total annual remuneration granted to Mr. Răduță-Gib Tony-Cristian in 2021) at the termination of their mandate contracts with the consent of the Parties.

The variation of the total amount afferent to 2021 against the total amount afferent to 2020 in the case of the Supervisory Board is due to the reduction in the number of Board members, from seven members to five members, and to the decrease of the remuneration levels, in accordance with the resolutions of the Extraordinary General Meetings of Shareholders of 29.06.2020 and 04.12.2020.

In 2021, no clawback mechanisms were enforced in respect to variable remuneration and no deviations/derogations from the remuneration policy occurred.

EXECUTIVE BOARD

Radu-Claudiu Roșca
Executive President/CEO

Theo-Dorian Buftea
Executive Vice-President/Deputy CEO