



REMUNERATION REPORT OF TRANSILVANIA INVESTMENTS ALLIANCE S.A. for the year 2022

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

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.)

The Company carries out its activity in accordance with the applicable Romanian law and is managed under a two-tier system.

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General framework

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.

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

Therefore, the report for the financial year 2022 (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. The Report will be submitted to the vote in the annual Ordinary General Meeting of Shareholders of April 2023, the shareholders' vote having a consultative character.

The Remuneration report for the year 2021 was approved by the Ordinary General Meeting of Shareholders of April 2022 with the majority of the votes and no additional requirements were formulated during the general meeting.

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

Given 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 31.12.2022, 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.

According to the provisions of the Company Law, all the 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 and is composed of three members, an executive president and two executive vice-presidents.

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, Mr. Theo-Dorian Buftea - Executive Vice-President and Mrs. Stela Corpacian-Executive Vice-President.

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

2. Remuneration of the Company's management

The remuneration of the Supervisory Board and Executive Board members is carried out in accordance with the company's Articles of Incorporation, the Remuneration policy approved by the Ordinary General Meeting of Shareholders of 28.04.2021 and revised by the Ordinary General Meeting of Shareholders of 28.04.2022 and the share buy-back programmes for the implementation of the annual Stock Option Plans (SOP) approved by the general meeting of shareholders.

The remuneration policy 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 approved financial and non-financial performance indicators constitute elements against which the variable component of remuneration is determined. The remuneration and benefits granted to the members of the Supervisory Board and members of the Executive Board, according to the provisions of the management /mandate contract, will be disclosed in the audited annual financial statements, in the Annual Report of the Remuneration Committee and in the Report of the Supervisory Board/Executive Board.

According to the Remuneration policy, 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. The fixed component accounts for a sufficiently high percentage out of the total remuneration, which provides the Company with full flexibility as concerns the policy of granting the variable component. The variable remuneration represents an occasional component of the total annual remuneration that can exclusively reward the performance of the company's staff.

2.1. Fixed 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, 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 responsibilities within the company (level of undertaken risk and decision, liability, authority and control) for each position within the organisational structure of the Company.

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

The level of fixed remuneration of the Supervisory Board members and the Executive Board members for the year 2022 was the following:

- The monthly remuneration of the Supervisory Board members was approved by the Ordinary General Meeting of Shareholders as follows: 3.5 company-average gross salaries for each member of the Board, 4 company-average gross salaries for the deputy chairman and 5 company-average gross salaries for the chairman. During January-April 2022, the monthly remuneration was as follows: 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 were part of the advisory committees of the Supervisory Board represented 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, according to the remuneration policy, are as follows: between 7 and 9 company-average gross salaries for the president, between 4 and 6 company-average gross salaries for the executive vice-presidents. The actual level of remuneration is established by the mandate contracts.

2.2. 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, value calculated and reported in accordance with the legal provisions in force.

The members of the Supervisory Board and the Executive Board have the right to receive variable remuneration in the form of shares issued by the Company, within Stock Option Plan (S.O.P.) programs approved by the shareholders on annual basis, by complying with the legal provisions in force on variable remuneration within A.I.F.M.

The eligibility conditions for the annual payment of the variable 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 fields 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.

3. Contribution to the long-term performance of the Company

The performance is assessed in a multi-annual 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 remuneration granted according to the Remuneration Policy actively contributes to the long-term performance of the company, falling within the multi-annual performance indicator provided in Chap. IV of the fund's Strategy and in the Investment Policy Statement.

Regarding the multi-annual framework, the Company's Investment Policy Statement establishes an investment horizon between 2020 – 2024. Thus, during the mentioned investment horizon, Transilvania Investments aims to align its activity with the following performance indicator (K.P.I.): *Increase in the Net Asset Value of at least 30.00%, increase calculated before any distribution of dividends and/or other forms of shareholder remuneration*¹.

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.

The total remuneration granted complies with the provisions of the Remuneration Policy, respectively the structure of the variable remuneration payments, for the payment of the variable remuneration related to the year 2021, is granted and will be paid as follows:

- 50% granted in cash and 50% in the form of instruments/shares.
- 50% of the variable remuneration is the initial component, the 50% difference is subject to the deferral period;
- 50% of the initial variable component shall be granted in cash and 50% in the form of instruments;
- 50% of the variable component subject to the deferral period shall be granted in cash, and 50% shall be granted in the form of instruments every time granting takes place;
- The minimum deferral period is of three years;
- The 50% 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 to the Policy, as follows:
 - 16.7% of the deferred variable share shall be paid in n+1 (of which: 50% of the component subject to the deferral period shall be granted in cash and 50% shall be granted in the form of instruments);

¹ The reference level is represented by the net asset value afferent to the financial statements as at 30.06.2020 and covers the period until 30.06.2024.

- 16.7% of the deferred variable share shall be paid in n+2 (of which: 50% of the component subject to the deferral period shall be granted in cash and 50% shall be granted in the form of instruments);
- 16.6% of the deferred variable share shall be paid in n+3 (of which: 50% of the component subject to the deferral period shall be granted in cash and 50% shall be granted in the form of instruments);
- “n” is the accrual period (the year for which the variable remuneration is granted).

4. Performance criteria

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

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

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

During 2022, the General Meeting of Shareholders:

1) noted the fulfillment by the Supervisory Board and the Executive Board of the qualitative and quantitative performance indicators intended to recognize the performance of the management structures in the financial year 2021, indicators approved by the Ordinary General Meeting of Shareholders of 28.04.2021, respectively:

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 forms of shareholder remuneration, as compared to the net asset value as at 31.12.2020.
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.

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.

2) analyzed the Company's financial results and found that they comply with the criteria established for 2021, respectively: the provisions of the Articles of Incorporation according to which the total variable remuneration shall not exceed 5% of net profit and net gain from transactions reflected in retained earnings in 2021

3) approved the variable remuneration of the Supervisory Board members and the Executive Board members for the year 2021.

Through the Incentive and Reward Plan of the identified personnel by granting free shares ("Stock Option Plan") for the year 2021, the Company sought the stimulation, retention and rewarding of the Company's identified key personnel.

Rewarding by shares is a good international practice and an effective tool for staff's accountability and co-interest in the achievement of long-term business objectives, it is intended to reward the Beneficiaries' contribution to the development of the Company in the financial year 2021 and to stimulate their retention in the Company, so that they continue to contribute to the Company's development and the achievement of its business objectives, generating added value.

The Plan represents the implementation of the company's Remuneration Policy, approved through the Resolution of the Extraordinary General Meeting of Shareholders no. 1 of 04.12.2020, by which the shareholders approved the running of a buy-back programme of the Company's own shares, in order to be distributed free of charge to the Supervisory Board members, the Executive Board members and the identified personnel, within a Stock Option Plan program, in accordance with the Company's remuneration policy.

Consequently, during 2022:

- the share of 50% of the cash variable remuneration aferent to the year 2021 (presented below) was paid;
- the shares granted as part of the benefits plan for 2021 were allotted free of charge; the Company published on 21.12.2022 the *Information document on the allocation of free shares to identified personnel of Transilvania Investments Alliance S.A.*. The initial component of the variable remuneration consisting of 50% of the shares was transferred to the beneficiaries, the difference of 50% of the shares being transferred to a fiduciary-lawyer, to be released during the period 2023-2025.

5. Remuneration of the Supervisory Board members

The remuneration structure of the Supervisory Board members for 2022 was the following:

| Name | Total gross remuneration (% of total Supervisory Board remuneration expense, presented in the annual financial statements) | Fixed remuneration ratio | Cash variable remuneration ratio | Total % shares granted in 2022 for SOP 2021 |
|--------------------|--|--------------------------|----------------------------------|---|
| PRODAN PAUL GEORGE | 25.56% | 89.73% | 10.27% | 6% |
| MOMANU RADU | 20.74% | 89.38% | 10.62% | 5% |

| | | | | |
|----------------------|--------|--------|--------|----|
| ABRUDAN PATRIȚIU | 17.64% | 89.92% | 10.08% | 4% |
| NICOARA MARIUS PETRE | 17.64% | 89.92% | 10.08% | 4% |
| FRĂȚILĂ CONSTANTIN | 18.41% | 86.20% | 13.80% | 6% |

6. Remuneration of the Executive Board members

The remuneration structure of the Executive Board members for 2022 was the following:

| Name | Total gross remuneration (% of total Executive Board remuneration expense, presented in the annual financial statements) | Fixed remuneration ratio | Cash variable remuneration ratio | Total % shares granted in 2022 for SOP 2021* |
|--------------------|--|--------------------------|----------------------------------|--|
| ROȘCA RADU-CLAUDIU | 56.85% | 85.36% | 14.64% | 12% |
| BUFTEA THEO-DORIAN | 33.29% | 97.16% | 2.84% | 1.4% |
| CORPACIAN STELA | 9.86% | 100.00% | - | - |

Other costs incurred by the Company in 2022 in relation to the members of the Supervisory Board and Executive Board are professional insurance costs, amounting to RON 102,832.

7. Company performance and changes in remuneration over the last 5 years

| | FY 2022 compared to FY 2021 | FY 2021 compared to FY 2020 | FY 2020 compared to FY 2019 | FY 2019 compared to FY 2018 | FY 2018 compared to FY 2017 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Company performance | | | | | |
| Annual net profit (RON) | 63,721,738 | 96,611,495 | 34,541,912 | 181,797,277 | 66,542,892 |
| Variation (%) | -65.96% | +179.69 | -80.99% | +173.20% | +3.60% |
| NAV per share (RON) | 0.6310 | 0.6413 | 0.5412 | 0.5818 | 0.4513 |
| Variation (%) | -1.61% | +18.49% | -6.97% | +28.92% | +1.96% |
| Net gain from transactions reflected in retained earnings (RON) | 32,452,453 | 76,741,170 | 11,783,629 | 1,088,240 | 9,072,404 |
| Variation (%) | -42% | 551% | 983% | -88% | - |

| Changes in the remuneration of the Supervisory Board members and Executive Board members | | | | | |
|---|----------|---------|---------|---------|---------|
| Supervisory Board | | | | | |
| PRODAN PAUL GEORGE | +118.30% | N/A | N/A | N/A | N/A |
| MOMANU RADU | +110.41% | N/A | N/A | N/A | N/A |
| ABRUDAN PATRIȚIU | +123.01% | N/A | N/A | N/A | N/A |
| NICOARA MARIUS PETRE | +123.01% | N/A | N/A | N/A | N/A |
| FRĂȚILĂ CONSTANTIN | +56.08% | +28.35% | +11.82% | +31.94% | +14.31% |
| Executive Board | | | | | |
| ROȘCA RADU-CLAUDIU | +45.7% | +28.35% | N/A | N/A | N/A |
| BUFTEA THEO-DORIAN | 754.11% | N/A | N/A | N/A | N/A |
| CORPACIAN STELA | N/A | N/A | N/A | N/A | N/A |
| Employee average remuneration based on full-time equivalent | | | | | |
| Employees (labour contracts) – average remuneration | 182,355 | 132,650 | 122,258 | 181,080 | 114,627 |
| Variation (%) | 37.47% | +8.50% | -32.48% | +57.97% | +27.88% |
| Employee average number | 39 | 36 | 40 | 43 | 44 |

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

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.

The annual gross remuneration granted during the last 5 years is presented below:

Supervisory Board

| Total remuneration | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Total amount granted | 3,963,195 | 2,224,542 | 3,068,210 | 5,274,646 | 2,934,469 |
| Variation | +78.15% | -27.50% | -41.83% | +79.75% | +40.72% |

Executive Board

| Total remuneration | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Total amount granted | 2,535,528 | 4,430,197 | 2,382,981 | 5,287,147 | 2,721,919 |
| Variation | -42.77 | +85.90% | -54.93% | +94.24% | +48.42% |

8. Information regarding the enforcement of clawback, deviations and derogations

In 2022, there were no situations regarding the use of the possibility to recover the variable remuneration, there were no deviations or derogations from the Remuneration Policy.

Executive President
Radu - Claudiu ROȘCA

Executive Vice-President
Theo - Dorian BUFTEA

Executive Vice-President
Stela CORPACIAN