

### **Forecast policy**

Teraplast carries on forecasting and planning activities both on strategic and operational level. On operational section is made the annual budget which is submitted to the approval of the General Meeting of Shareholders. Monthly the variations in relation to budget are analyzed, in order to counteract the situations of not accomplishing the budgeted indicators.

The construction of the annual budget starts from the forecasted evolution of the relevant markets for the company and is taken account of the following variables:

- ✓ Raw materials prices
- ✓ Labor cost
- ✓ Exchange rates
- ✓ Energy consumption
- ✓ Tax rates

### **Sustainability policy**

The main directions of corporate responsibility strategy of Teraplast are minimizing the impact that products have on the environment, active involvement in society, creating attractive conditions of work and collaboration with responsible suppliers.

Teraplast CSR programs focus both on the internal culture and on the external activities of the company. Given the importance of Teraplast in the local community, to be responsible means to perform activities that generate long-term welfare of the company's shareholders and employees. The main directions of involvement of Teraplast Group were employees, local communities, sporting events and cultural events.

### **Dividend policy**

Teraplast is committed to deliver profitable investments for its shareholders, including distributing dividends, subject always to maintaining a strong balance sheet that will enable the Company to finance its working capital and investments.

### **Remuneration policy**

Remuneration policy aims adequate and responsible remuneration and the connection with the performance is clearly determined.

*Principles:*

- Remuneration policy is compatible with the long term business strategy, objectives, values and interests.
- Remuneration policy does not encourage assumption of higher risk level than the ones permissible in the company;
- Remuneration policy aims to assure internal balance and competitiveness on the market and includes measures for avoiding the conflicts of interests;
- Board of Directors currently seize and revise the general principles of the remuneration policy for the Executive Management.
- The application of the remuneration policy is subject of the financial audit at least once a year;

The application of these general principles is made without discrimination on diverse criteria (for example age, nationality, sex, religion, political options etc.).

#### *Legal frame*

- The provisions of the Corporate Governance Code of the Bucharest Stock Exchange, applicable from January 4<sup>th</sup> 2016.
- The decision no. 1 of the OGMS, dated April 23<sup>rd</sup> 2009 regarding the approval of the remuneration of the Board of Directors members and of the maximum limit of it, both for the Board members and for the executive management.
- The decision no. 1 of the OGMS, dated April 26<sup>th</sup> 2013 regarding keeping to the same level the remuneration of the Board members.
- The decision no. 36/09.11.2014 of the Board of Directors by which it was approved the mandate of the Interim Chief Executive Officer.
- The decision no. 151/31.01.2013 of the Board of Directors by which it was approved the mandate of the Chief Financial Officer, corroborated with the decision no. 192/06.12.2013 of the Board of Directors by which it was decided to prolong until 14.06.2017, the mandate of the Chief Financial Officer.
- The decision no. 51/17.12.2015 of the Board of Directors by which it was approved the gross monthly remuneration of the executive management.
- The management agreements of the Directors.

#### *The remuneration of the Board members*

The level of the monthly remuneration of the Board members, the management organism of the Company, is established by the decision of the General Meeting of Shareholders.

#### *The remuneration of the Executive Management*

The members of the Executive Management, respectively the chief executive officer and the chief financial officer have contracts of mandate, and their activity is evaluated annually on the basis of the financial and nonfinancial targets established by the Board of Directors.

The annual remuneration of the Executive Management is composed of a base monthly component and an annual variable one, which are both established by the Board of Directors.

**a) Monthly remuneration:** represents the base element of the remuneration and reflects the professional experience, job requirements stated in the contracts of mandate, as part of the hire conditions.

**b) Variable remuneration:** is optional and it includes the annual bonus plan according to the financial performance of the Company in relation to the objectives assumed and approved by GMS.

The financial performance of the Company is evaluated according to the following criteria:

- ✓ Turnover
- ✓ EBITDA
- ✓ Net profit
- ✓ Other specific criteria

The members of the Executive Management receive the components of the variable remuneration only if it is in accordance with the financial situation of the company and if it can be justified by performance.

The level of the variable part of the remuneration is established by the Board of Directors following the analysis of the budget achieving and other approved objectives.

The variable part is paid annually, in the next year for the previous, after the approval of the annual financial statements of the Company.

**Benefits in kind:** not the case.

**Actions and pension benefits:** If possible, for employee loyalty, the company can allocate free shares. Teraplast does not have a pension schema for employees.

**The contracts of mandate duration:**

Chief Executive Officer: 02.07.2018 – 02.07.2020

Chief Financial Officer: 14.06.2017 -14.06.2019

**Warning period**

Both of the contracts of mandate stipulate a warning period of 30 days, in case of resignation.

**Severance amounts**

None of the contracts of mandate stipulates severance amounts for revocation with no just cause. The Board of Directors establishes potential amounts at the end of the contracts of mandate directly correlated with the performance of the person who ended a mandate.