

## **REMUNERATION POLICY OF TERAPLAST GROUP (the Group)**

May 2021

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## OBJECTIVE OF THE REMUNERATION POLICY

The main objective of TeraPlast Group as concerns remuneration is that of compliance with the principle of equity, considering the business strategy, the culture and values of the organisation, the long-term interests of the company and the shareholders.

The general remuneration framework supports the Group in reaching its established business goals.

Principles:

1. Remuneration is competitive with that of other companies with which TeraPlast Group is in competition for talents;
2. Both the Group performance and individual contributions are recognised and rewarded;
3. Rewards are balanced between achieving short-term goals and creating long-term value.

## APPLICABILITY

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

1. Members of the Board of Directors, including the Chairman of the Board of TeraPlast SA
2. Executive managers of TeraPlast SA

## INTERNAL STRUCTURES WITH SALARY-WISE RESPONSIBILITY

The GENERAL MEETING OF THE SHAREHOLDERS approves the remuneration policy. In addition, pursuant to Law no. 31 of 1990, it approves the salaries of the Board members, as well as the general limits of additional compensation of the members of the Board and the Executive Management.

The Group is committed to evaluate all shareholder proposals, for its review of the Remuneration Policy.

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

The REMUNERATION COMMITTEE makes sure that the general principles and the remuneration policies and benefit policies of the staff whose professional activity has a significant impact on TeraPlast Group correspond with the business strategy, objectives, values and long-term interests of the organisation. The Committee reviews the performance assessment process and proposes to the Board of Directors to approve the benefit package of the mandate directors.

## BENEFIT PACKAGE

### *FIXED REMUNERATION*

The remuneration is set at a competitive level in order to attract, compensate loyalty and motivate the most appropriate managers to lead the Group, for the best interest of the shareholders.

The fixed benefit package reflects the complexity of the positions and competencies of the beneficiaries.

### *VARIABLE REMUNERATION*

The amount of the variable remuneration is based upon:

1. Individual performance;
2. Department performance;
3. Company results and Group results.

The performance assessment is conducted on a multi-annual basis, to make sure that the assessment process is based upon long-term performance and the current payment of the performance-based compensation components is spread over a period contemplating the Group's business cycle and specific risks of the business conducted by its subsidiaries.

Variable remuneration is granted as money and/or TeraPlast shares.

Bonus Shares/ Stock Option Plan depend on the financial performance criteria, as well as the achievement of the strategic operational objectives. It is granted on the basis of a three-year reference period of performance, to promote medium- and long-term value creation. This bonus is also meant to prevent the undertaking of excessive risks as well as to encourage retention.

### *OTHER BENEFITS*

Managers are provided with a company vehicle, a telephone and accommodation in Bistrita, in case they live elsewhere.

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

The remuneration plan includes two components:

1. Fixed remuneration – Net monthly salary of 2.000 Euros
2. Variable remuneration – can be differentiated according to the activity assessment by consultative committees and commissions and on the basis of criteria established by the Board of Directors. The variable part may not exceed 200% of the annual fixed salary, according to the decision of the General Meeting.

The fixed remuneration of the members of the Board is established by Resolution of the General Meeting of the Shareholders, on an annual basis. It is still the General Meeting that can approve the granting of TeraPlast shares to Board members.

In addition, the directors benefit from civil liability insurance.

The remuneration paid to the Executive Director is cumulated with that for the position of Executive Manager.

## REMUNERATION OF THE MANAGERS OF TERAPLAST GROUP

The remuneration plan includes three components:

- 1. The fixed part**, represented by the pay according to the mandate contract
- 2. Annual performance bonus**, granted according to performance indicators. The annual bonus may not exceed 50% of the annual fixed salary.
- 3. Bonus in TeraPlast shares.**

The amount is established by assessing the results of the last three years.

Shares become the property of users a year after they are granted. During this one-year period, withholding may be applied as a consequence of unfavourable events generated by transactions conducted during the assessment period, the effect of which has been materialised over the course of one year between their granting and transfer of ownership.

### Key performance indicators

The bonus is calculated according to the Group's key performance indicators:

- Revenue growth rate (normalised)
- EBITDA growth percentage
- Budget execution rate
- Operational number, after subtracting investment payments (Free cash flow)
- Internal Rate of Return
- Achieving the M&A objectives
- Management of strategic projects: entering new markets, significant investment, new product development, significant process improvement
- Meeting indicators of sustainability (reducing carbon dioxide emissions, workplace accidents etc.) as established by the sustainability policy

The weight of performance indicators is established annually according to the Group's objectives.

## CONDITIONS APPLICABLE UPON TERMINATION OF MANDATE/ EMPLOYMENT CONTRACTS

In case on contract termination, managers can receive a part of the variable pay corresponding to the performance assessment, namely:

- up to 50% of the annual bonus, weighted by the number of months worked up to termination of contract, and
- up to 100% of the granted bonus shares for which the title was not transferred on termination date.

## TREATMENT OF EXCEPTIONAL PAYMENT FOR PREMIUMS GRANTED BEFORE ADOPTING THIS POLICY

Bonuses granted before the approval and implementation of this Policy shall remain unaffected by these provisions.