

TERAPLAST REMUNERATION POLICY

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OBJECTIVE OF THE REMUNERATION POLICY

The main objective of TeraPlast Group in terms of remuneration is to respect the principle of fairness, taking into account the business strategy, culture and values of the organization, the long-term interests of the company and shareholders. It must also ensure the competitiveness of the company in the labor market and contribute to the motivation and retention of the staff targeted by this policy.

The general remuneration framework supports the Group in achieving the established business, strategic and sustainability objectives.

Principles:

1. The remuneration is competitive with that of other companies with which Teraplast Group is competing for talents;
2. Both the Group's performance and individual contributions are recognized and rewarded;
3. Rewards are balanced between short-term success and long-term value creation;

APPLICABILITY

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

1. the members of the Board of Directors, including the Chairman of the Board of Directors, of TeraPlast SA
2. the executive officers of TeraPlast SA

INTERNAL STRUCTURES WITH REMUNERATION RESPONSIBILITY

THE GENERAL MEETING OF SHAREHOLDERS approves the Remuneration Policy. Also, in accordance with Law no. 31/1990, approves the allowances of the members of the Board of Directors, as well as the general limits of the additional remuneration of the members of the Board of Directors and of the executive management.

The Group undertakes to evaluate all shareholder proposals for the review of the Remuneration Policy. The remuneration policy may be reviewed at the proposal of the shareholders, members of the BoA or the CEO. The proposals are submitted to the Remuneration Committee of the BoA which will submit them to the BoA for approval before it is submitted to the GMS for approval.

THE BOARD OF DIRECTORS approves the remuneration policy and monitors its implementation.

THE REMUNERATION COMMITTEE ensures that the general principles and policies of remuneration and benefits of the staff whose professional activity has a significant impact on the Group, are in line with the business strategy, objectives, values and long-term interests of the organization.

The Committee reviews the performance evaluation process and proposes to the Board of Admiration the approval of the benefit package of the officers in office. At the same time, the Committee ensures that there are no conflicts of interest amongst the officers or members of the BoA.

BENEFITS PACKAGE

Overview:

Item of remuneration	Description	Purpose
Base salary / allowance	<i>Wage and compensation levels are similar to the levels granted in similar companies and are set at a competitive level. Salary studies (AIMS or similar) are used for comparison.</i>	<i>Ensures a fixed level of earnings that reflects the role and responsibilities of each officer /BoA member, ensuring competitiveness</i>
Annual Bonus – Short-Term Incentive Plan (STIP)	<i>The annual bonus is awarded according to the company's performance based on established KPIs. The annual bonus is established as a percentage of the base salary/ allowance</i>	<i>KPIs are in line with the organization's strategy and at the same time ensure its application.</i>
Long-Term Incentive Plan (LTIP) (SOP)	<i>A performance-based share allocation plan is applied. The number of shares allocated depends on the fulfilment of the internal and external financial performance criteria as well as the ESG objectives. Each annual share allocation is made on the basis of a three-year performance evaluation period. The number of shares is set as a percentage of the fixed remuneration.</i>	<i>Promotes performance according to the established criteria as well as preventing excessive risk-taking. At the same time the SOP goal is to stimulate long-term retention of officers.</i>
Shareholding requirements	<i>LTIP participants must own at least 75% of the shares received in such plan until retirement or leaving the company. Any sale of the shares received in the LTIP is made with the express consent of the BoA.</i>	<i>Ensures long-term matching between the interests of shareholders and the involvement of the executive and non-executive management by displaying personal assets.</i>
Benefits	<i>BoA members receive international health insurance as well as civil liability insurance. They can receive company car, as well as specialized company paid trainings. The executive officers receive a company car that falls within the specified budget, international health insurance as well as civil liability insurance, retirement bonus, the cost of relocation and settlement of accommodation if they are from another locality as well as specialized trainings.</i>	<i>The benefits are in line with the practice of other similar organizations and help attract and retain the officers / members of the BoA (salary studies as well as other official public sources are used)</i>
Recovery (Malus)	<i>Multi-year variable LTIP remuneration is subject to clawback (recovery) provisions</i>	<i>Allows adjusting the remuneration due and/or reimbursing the remuneration already paid in case of clawback (recovery) events, helping to hold the officers / members of the BoA accountable</i>

FIXED REMUNERATION

Remuneration is set at a competitive level to attract, retain and motivate the most suitable officers to lead the Group in the interest of shareholders. When calculating the remuneration, it will be taken into account the salary

studies from the previous year that may be amended with the rate of the salary increase granted to the employees of the company (other than managers). The maximum amount of fixed remuneration for an executive officer can be 10 average salaries per company calculated in the previous year.

The fixed package of benefits reflects the complexity of the positions and the competences of the beneficiaries.

The mandate contracts concluded with the executive officers have a validity of 4 years.

Mandate contracts may be terminated under the following conditions:

- expiry of the period for which it was concluded
- resignation / withdrawal of the officer with a 90-calendar day notice
- revocation of the officer by the BoA, with a notice of 90 calendar days, unless the officer violates the provisions of the mandate contract, the decisions of the GMS or the legislation in force when the revocation takes place from the date on which the revocation decision is brought to the attention of the officer
- the parties' wilful agreement
- occurrence of a case of incompatibility provided by law
- winding up / liquidation of the company

VARIABLE REMUNERATION

The amount of the variable remuneration (STPS and SOP) is based on:

1. Individual performance, 25% of the total value of variable remuneration;
2. Department performance, 25% of the total amount of variable remuneration;
3. Company and group results, 50% of the total value of variable remuneration.

Performance is evaluated within a multi-annual framework to ensure that the evaluation process is based on long-term performance and that the current disbursement of the performance-based remuneration is broken down over a period that takes into account the group's business cycle and the specific risks of the activity of its subsidiaries. The remuneration committee will detail the performance criteria on an annual basis.

Variable remuneration is granted in cash (STPI) and/or TeraPlast shares (LTPI – SOP).

The Stock Option Plan depends on financial performance criteria, as well as on the achievement of strategic operational and sustainability objectives. It is awarded on the basis of a three-year performance reference period to promote medium- and long-term value creation. This bonus also aims to prevent excessive risk-taking as well as to encourage retention.

The SOP cannot exceed 200% of the fixed remuneration of the executive officers. It is established by the remuneration committee and approved by the BoA.

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

The remuneration plan of the Members of the Board of Directors comprises two components:

1. Fixed remuneration - Net allowance of 2,500 euros / month, established and approved by the GMS
2. Variable remuneration in maximum amount approved by the GMS - can be awarded differently depending on the evaluation of the activity in committees and advisory committees and based on criteria established by the Board of Directors.
The variable component cannot exceed 100% of the fixed annual allowance according to the decision of the General Meeting of Shareholders.

The members of the Board of Directors cannot receive bonuses in the form of Teraplast shares with the approval of this policy.

The fixed remuneration of the members of the Board of Directors is established by the Decision of the General Meeting of Shareholders, annually.

Directors also benefit from:

- civil liability insurance
- health insurance with international coverage
- company car, in a maximum budget of EUR 1500/month that includes the cost of the car and the maintenance costs (without fuel)
- payment of specialization trainings in a maximum budget of EUR 5000/year, which can be carried over for a maximum of one year.

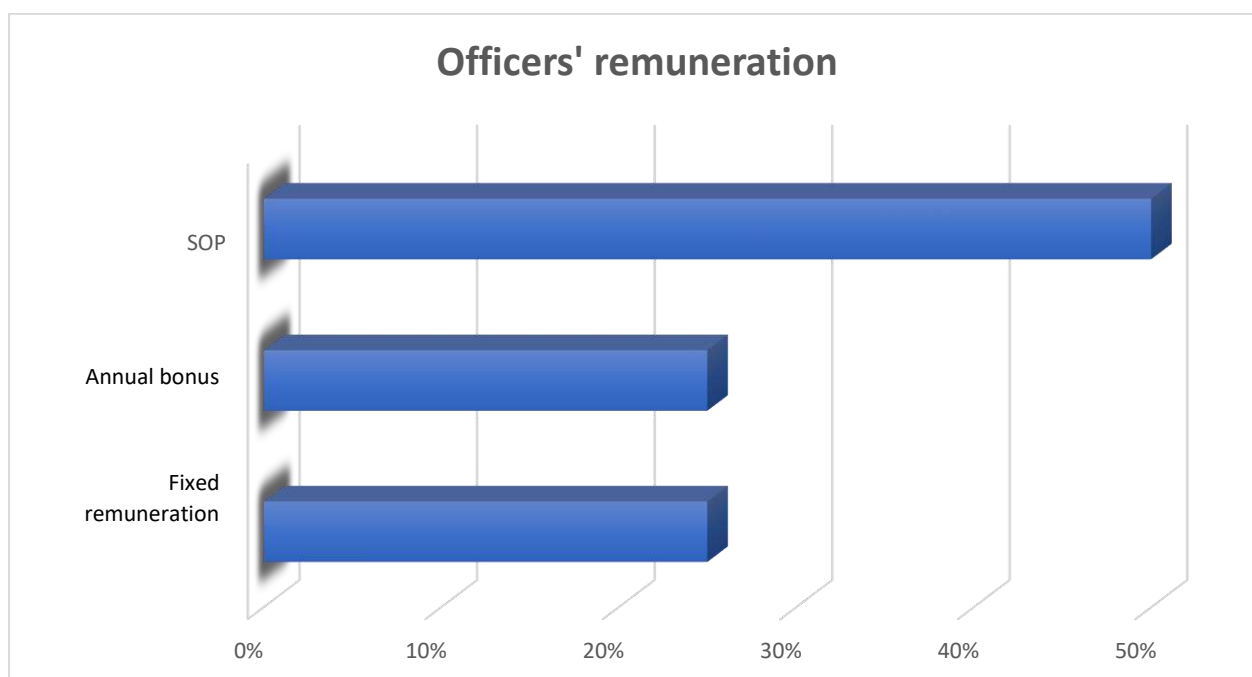
The remuneration of the executive director is cumulated with the remuneration for the position of executive officer.

REMUNERATION OF TERAPLAST OFFICERS

Teraplast's officers' remuneration is made up of fixed and variable remuneration, and benefits. Each officer benefits from a remuneration package consisting of base salary, annual bonus (STPI), SOP as well as cash and in-kind benefits.

The major component of the total remuneration of the officers of the company is granted in the form of variable compensation items (STPI and SOP)

1. **Fixed component**, represented by the allowance according to the mandate agreement.
2. **Annual Performance Bonus (STPI)**, granted according to performance indicators. The annual bonus cannot exceed 100% of the fixed annual salary.
3. **SOP (LTPI)** for long-term performance and extraordinary events and cannot exceed 200% of the fixed annual salary.



The value of SOP is established by evaluating the financial, sustainability and extraordinary results over the last 3 years and is granted annually.

The beneficiaries become owners of the shares one year after they are granted.

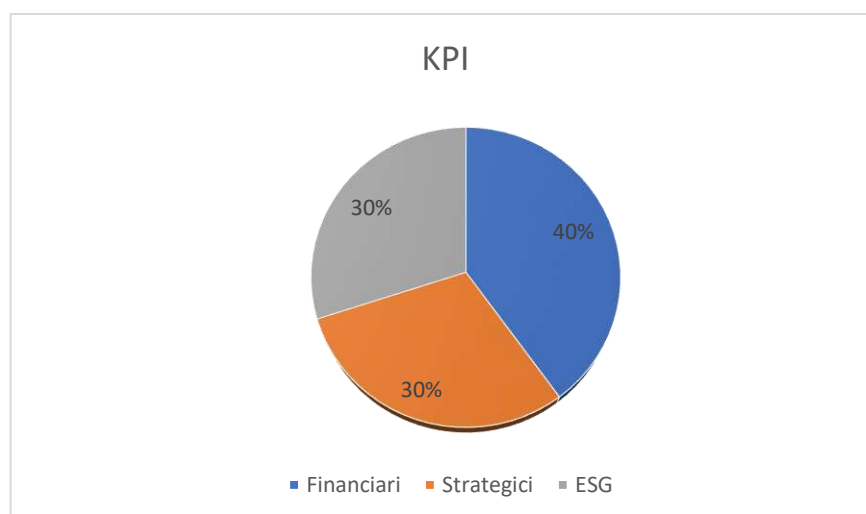
During this period of one year, shares may be withheld as a result of unfavorable events generated by transactions conducted during the valuation period (the last 3 years), the effect of which emerged in the one-year period between the granting and the transfer of the ownership right.

Key performance indicators

The STPI and LTPI are calculated according to the key performance indicators:

- Financial indicators:
 - a. turnover growth rate (normalized)
 - b. EBIDTA growth rate
 - c. the degree of implementation of the budget
 - d. operating cash, after deduction of investment payments (Free cash flow)
 - e. internal rate of return
- Strategic indicators:
 - a. achievement of M&A objectives
 - b. management of strategic projects: take-up of new markets, significant investments, development of new products, significant process improvements
- Sustainability indicators (ESG)
 - a. reducing the group's carbon footprint
 - b. efficient resource and waste management (consumption monitoring, efficiency and reduction where appropriate)
 - c. performance in social indicators (OSH, information and consultation, staff turnover, professional development programs, compliance with human rights– ethics – anticorruption norms – equal and fair work, etc.)

The weight of each performance indicator is determined according to the objectives of the Group and is approved by the BoA.



The degree of achievement of the performance indicators is given by their comparison with the budget approved in the GMS. The conditions for granting (for which % of achievement is granted which % of the bonus) are detailed annually by the remuneration committee and are approved by the BoA. For 2023, the performance bonus and the SOP are granted as follows:

	KPIs<70%	71%>KPI<110%	KPI>110%
Performance bonus	0	100%	120%
SOP	0	100%	120%

Other benefits awarded to officers

- Officers may receive a retirement allowance or a contribution to a private pension fund.
 - o The granting of payments is made in accordance with the proposals of the remuneration committee and approved by the BoA
- Professional liability insurance
- Health insurance with international coverage
- Company car, in a maximum budget of EUR 1500/month that includes the cost of the car and the maintenance costs (without fuel)
- accommodation in Bistrita, if they live in another city, within the limit of EUR 1000/month
- payment of specialized trainings in a maximum budget of EUR 5000/year, which can be carried over for a maximum of one year.

CONDITIONS APPLICABLE UPON TERMINATION OF MANDATE/EMPLOYMENT AGREEMENTS

In case of termination of agreements, officers may receive a part of the variable remuneration related to the performance evaluation period, namely:

1. In the event of termination of agreements due to the officers' fault or by resignation, they are not entitled to any kind of remuneration.
2. If the agreement is terminated by agreement of the parties, by TRP decision (excluding the fault of the officers) or for other reasons not attributable to the parties (working incapacity, death, retirement)

STPI	LTPI
<p>Max. 50% of the annual bonus, adjusted for the number of months worked until the termination of the agreement</p> <p>E.g. if the annual bonus is X euro and the individual worked for 9 months, then the bonus is = $X * 50\% / 12 * 9$</p>	<p>Max. 100% of the share-based bonus granted, for which the ownership was not transferred at the date of termination of the agreement.</p>

TREATMENT OF ONE-OFF PAYMENTS FOR BONUSES GRANTED PRIOR TO THE ADOPTION OF THIS POLICY

Bonuses awarded prior to the approval and implementation of this Policy remain unaffected by these provisions.

DEROGATIONS FROM THIS POLICY

- If during a year, extraordinary conditions occur (war, achievements of more than 120% of the budget provided, emergency situations, or crisis situations) derogations from this procedure may be made, derogations proposed by the remuneration committee and approved by the BoA or GMS, as the case may be.
- In the event of tax changes (such as the transfer of social contributions from the employee to the employer) the BoA members and executive officers may receive a temporary compensatory allowance. This compensation is granted as a percentage of the selected remuneration.
- Extraordinary remunerations: exceptional benefits may be awarded such as a signing bonus for attracting and motivating officers or a temporary remuneration that can be paid if the said officer assumes/ receives additional responsibilities over a period of time. In these cases, the components of the extraordinary remuneration actually granted are specified in the Remuneration Report.
- The derogations are proposed by the remuneration committee, approved by the BoA in the case of executive officers and endorsed by the BoA and approved by the GMS in the case of BoA members.

MALUS CLAUSE

- Ownership of the shares is acquired one year after their granting. If during this time it turns out that an event generated by the transactions / decisions made affects the financial performance or image of the company, the number of shares may be decreased or cancelled. The assessment of the effects on the company as well as the proposal to reduce the number of shares or to cancel the share-based bonus, in case of such an event, is within the competence of the Remuneration Committee, which takes notice ex officio or is notified by any interested person. The Committee makes recommendations to the BoA, which is the decision-maker in this case.
- If the cash-based performance bonus is found to have been awarded on the basis of an indicator that has not been correctly reported or has been altered for various reasons, a part of, or the entire bonus can be withdrawn to the person concerned. This decision is made by the BoA on the basis of the referral and recommendations made by the remuneration committee.
- The events below are considered clawback events: the adjustment of the financial statements due to an error, a major error of the risk management system that leads to significant losses, serious faults of the BoA members or of the executive officers by which the Romanian legislation is violated. In addition, where cash payments or the transfer of shares are based on incorrect data, the BoA members and the executive officers are required to reimburse the remuneration received on the basis of these calculation errors.