

**TITLE : DIRECTORS AND EXECUTIVE
MANAGEMENT REMUNERATION POLICY**

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SYNTHESIS : New edition in accordance with the provisions of art. 92 ² of Law no. 24/2017 on the issuers of financial instruments and market operations, with subsequent amendments and completions

INFLUENCE : ---

**APPLICATION
DATE:** OGMS APPROVAL

Approved	Advised
President of the Board of Directors Radu Viehmann	Board of Directors Mrs. Henriette Spinka Mrs. Dana Ciorapciu Mr. Niculae Havrilet Mr. Radu Sarbu

Issuer	Nr. copy
Remuneration Committee By President Mr. Radu Sarbu	<input style="width: 50px; height: 20px;" type="text"/>

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1. SCOPE

The remuneration policy aims to ensure a transparent framework regarding the activity of **TBM**, fair reward and motivation of managers. Presentation of the principles underlying the establishment of a fair remuneration of the administrators and the executive management, ensuring at the same time the balance between the performance, the resources and the objectives of the company.

Specifically, by applying the Remuneration Policy, the following is pursued:

Ensuring management performance, aligning with investors' interests, ensuring the achievement of objectives and increasing transparency.

Establish the remuneration framework for the members of the Board of Directors (“Board of Directors”) and the Executive Directors of **TBM** based on the principles of remuneration and the way in which each component supports the implementation of the strategy, the long-term interest and sustainability of **TBM**.

Establish an appropriate remuneration package for Directors and Board of Directors, ensuring the recruitment, employment and retention of appropriate profiles for executive roles.

Ensuring full remuneration, which links **TBM**'s business strategy to the interests of **TBM** investors, taking due account of the industry dynamics that have an impact on **TBM**.

The Company must comply with the principles of remuneration set out in the applicable legal regulations taking into account and to the extent that they are appropriate to its size, internal organization and the nature and complexity of its activities.

2. DOMAIN

This policy applies to all Directors and Executive Directors (respectively the General Manager), regardless of the date of appointment or the date of termination of office.

In case there will be inadvertences between the legal provisions in force and this Policy, the observance of the specific legal requirement takes precedence. If the requirement significantly changes the Policy, it will be reviewed by the **CR** subject to **OGMS** approval.

3. REFERENCE AND SUPPLEMENTARY DOCUMENTS

3.1. REFERENCE DOCUMENTS

- Law no. 24/2017 on the issuers of financial instruments and market operations, with subsequent amendments and completions
- ASF Regulation no. 5/2018 on issuers of financial instruments and market operations
- Law 31/1990 on companies, republished, with subsequent amendments and completions
- **BVB** Corporate Governance Code;
- **ROF-TMB** - **TBM** Organization and Functioning Regulation;
- **TMB** Corporate Governance Regulation.

3.2. COMPLEMENTARY DOCUMENTS

- Administration contracts concluded by **TBM** with administrators

4.1. ABBREVIATIONS

OGMS	- Ordinary General Meeting of Shareholders	DG	- CEO
BoD	- Board of Directors	PR	- Remuneration Policy
CR	- Remuneration Committee	ROF	- Regulation of Organization and Functioning
TBM	- Turbomecanica S.A.		

5. OBJECTIFS

The implementation of the **PR** objectives is related to the alignment with the dynamics of the industry, both nationally and internationally and ensuring the achievement of the strategic management and development objectives of the Company, determined the need to establish the remuneration principles to ensure:

- **PR** compatibility with the provisions of the internal salary policy and with the company's activity;
- Loyalty and loyalty of management by ensuring an adequate total remuneration, guided by market practice;
- The concordance between the **PR** and the tasks and responsibilities assigned by the **administration contract**;
- alignment with investor interests through stock-based components (equity participation);
- achieving the short and medium term strategic objectives established annually;
- achieving the operational objectives determined by the Sales Program;

6. PRINCIPLES OF REMUNERATION

The remuneration principles of **TBM** leaders respect the principles of corporate governance and align with a prudent organizational culture in risk-taking. These contribute to good corporate governance, strategy and long-term performance, taking into account the business strategy, culture and values of the organization, the long-term interests of the company and shareholders. These principles respect the remuneration structure and the remuneration principles applied for **TBM** employees, as follows:

The remuneration structure follows the same remuneration principles as those applied to **TBM** employees, as follows:

Basic remuneration is based on role, individual experience, skills and sustained level of performance. The level of remuneration and the relative share of remuneration components reflect the market practice for similar positions and the adaptation to business needs and priorities.

The components of short-term incentives are based on business performance indicators, divided between financial, strategic and sustainable objectives.

Long-term incentive components are designed in accordance with the same principles for Directors and for the competence of experienced managers to emphasize the broader responsibility of creating sustained value for **TBM**.

The benefits are tailored to the requirements of the local job and market in which the people are employed.

7. REMUNERATION STRUCTURE

This section includes all the remuneration items to which the company's management is entitled.

The company is managed in a unitary system by a Board of Directors consisting of 5 directors (a president and 4 members), Romanian and / or foreign individuals, appointed by the **OGMS**. The term of office of the directors is 4 (four) years from the date of appointment, and they are eligible for re-election.

Remuneration is established by vote in the **OGMS**, together with the approval of the proposals for the appointment of the members of the **BoD** and the approval of the management contract, but may be subject to adjustments to the **CR** recommendation, which takes into account the Company's market situation. , necessary to serve the long-term interests and sustainability of the Company or to ensure its viability.

According to the Statutes of the Company, the **Chairman** of the Board of Directors is also appointed Executive General Manager, and his rights and obligations are established by a management contract and in accordance with the present remuneration principles.

For the Chairman of the **BoD** and the General Manager of the Company, the **OGMS** approved the following remuneration structure:

- Monthly remuneration
- Disability and death insurance
- Ensuring the rights and obligations arising from the **CCM** concluded at Company level
- Mobile phone
- Usage of a car with the driver

In accordance with the market practices of other companies listed on the **BSE**, all **BM** receive a fixed monthly remuneration detailed in the management contract. The remuneration is calculated monthly in the amount of 20% of the remuneration of the Chairman of the Board.

The members of the **BoD** who have their domicile in another locality than the one in which the Company has its headquarters are reimbursed by the Company for transport, accommodation and per diem.

The costs of accommodation, transport and per diem are settled as follows:

For the Chairman of the Board:

accommodation and per diem are settled according to the supporting documents

For **BoD** members:

accommodation and per diem, according to H.G. 518/1995 with subsequent amendments and completions - Category I

Transport of the **BoD** President:

business class or first class for air travel, InterCity class I for train travel

Transportation of **BoD** members:

economy class for air travel or class I for train travel.

Moreover, the members of the **BoD** who fulfill any additional attributions beyond the normal responsibilities as a member of the **BoD** or depending on the activity carried out, may receive, according to the Articles of Incorporation, a short-term incentive called “award”.

7.1. PERFORMANCE EVALUATION CRITERIA

Performance evaluation is carried out in an appropriate framework to ensure that the evaluation process is based on performance and that the actual payment of performance-dependent remuneration components is made over a period that takes into account the policies applicable at **TBM** level.

The evaluation of performance indicators takes into account both quantitative (financial indicators) and qualitative (non-financial indicators) approaches.

Regarding the financial performance, the following are taken into account:

- fulfilling the objectives / performance of the company;
- establishing / getting involved in fulfilling the business strategy;
- reaching the net profit target, as well as the budget achieved during the respective fiscal year;
- the general limits approved by the **OGMS**;
- the special conditions of the relevant market for the **TBM** activity;
- avoiding taking risks considered excessive.

Regarding the non-financial performance, the following are taken into account:

- ensuring the continuity of the activity;
- implementation and continuous improvement of the applicable policies at the company level;
- contribution to the company's performance through the decisions taken;

The allocation of amounts representing variable remuneration takes into account present and future risks.

When establishing the general limit of all additional remunerations of the Board members and Directors, the **OGMS** takes into account, based on the information presented in the Annual Reports, the fulfillment of the duties, the annual budget, the degree of participation in the Board meetings and the overall performance of the company.

7.2. SHORT-TERM INCENTIVE

It aims to recognize and reward the achievement of **TBM**'s annual business goals and objectives in the context of the long-term business strategy and is related to meeting the aspects of financial performance, strategic performance and individual performance, usually having a value of 0.5 - 2% of the turnover, being evaluated both objectively, related to the financial performance of the company, but also to the discretion of the analysis and evaluation performed by **CR**.

The performance objectives based on which the short-term incentives are established are:

- Ensuring the achievement of financial objectives in a proportion of at least 60%;
- Ensuring the achievement of **TBM** strategic objectives in terms of sustainability;
- Personal contribution to the development of business relationships and attracting opportunities;

These objectives must have specific targets set at the end of the financial year based on the aspects related to the fulfillment of the performance criteria in the previous year.

Targets must reflect the specific business objectives for the financial year and cover a combination of financial elements, strategic and individual performance areas.

The proposal is elaborated, decided and revised by the **CR**. The **CR** may also consider broader views to consider other relevant measures that directly or indirectly support the Company's business strategy.

After the end of a financial year, the **CR** analyzes business performance in the light of objectives and values set in relation to data sources that may include audited financial figures, key performance indicators with available tracking, and any relevant internal evaluations. The performance for any qualitative matrix will be at the discretion of the board, in terms of executive management, with the approval of the **OGMS** if necessary.

In the event of extraordinary circumstances and / or unforeseen events (such as industry dynamics) that have a significant impact, for example, on financial performance, **TBM** strategy, safety, environment or society, the **CR** may decide to deviate from the objectives and values of performance. In this case, the **BoD** has the discretionary right to grant a bonus not exceeding a maximum of 50% of the annual basic salary.

The **CR** also has the competence and discretion to propose the granting of short-term incentives if the performance criteria are not met.

All these short-term incentives are approved in the **BoD** or **OGMS**, as the case may be, for the Executive Directors, respectively the members of the **BoD**.

7.3. LONG-TERM STIMULANTS

Board members are not entitled to remuneration based on long-term incentives.

7.4. TERMINATION OF THE ADMINISTRATION CONTRACT

The administration contract concluded by the members of the **BoD** may be terminated under the conditions provided by law and on the basis of an **OGMS** decision which takes note of such termination, as follows:

- Expiration of the period for which the board member of **BoD** was appointed, in the absence of a decision to extend it;
- Revocation of the administrators in case of non-fulfillment of one or more obligations from the contract, with 30 days notice;
- Resignation of the administrators to the mandate, with 30 days notice;
- The will agreement of the signatory parties;
- Intervention of a case of incompatibility provided by law;
- Death or placing under judicial interdiction;
- Non-compliance with **OGMS** decisions;
- Non-compliance with the legislation in force applicable to the activity of commercial companies.

The management contract concluded by the Executive Director which terminates in accordance with the law, in accordance with a decision of the **BoD**, which takes note of the cause of termination, also contains a non-compete clause by which the administrator is prohibited any activity for the benefit competing companies, other companies with the same field of activity or companies that are in trade relations with the company party to the contract.

This prohibition also extends to the administrator's spouse, as well as to his or her relatives and relatives up to and including the fourth degree.

7.5. AMENDMENTS

For short-term and long-term incentives granted from 1 January 2021 or later, the **BoD**, at the reasoned proposal of the **CR**, may reduce the size of remuneration before (Malus) and after (Claw-back) payment / investment / exercise in the event of a triggering event that led to a significant financial or reputational loss for **TBM**. In addition, under such a procedure, if it is subsequently proved that an award is based on misinformation or individual misconduct, the **BoD**, at the proposal of the **CR** is entitled to request full or partial reimbursement of remuneration, as far as possible in accordance with with applicable law. Remuneration can be recovered within up to 24 months of its granting.

In case of merger or change of control, the **BoD**, at the proposal of the **CR**, has the possibility to modify the general terms and conditions of the remuneration plans, which are not limited to complying with local requirements or changes in legislation. The information is detailed in the general terms and conditions of the remuneration components.

The implementation of such a change will be documented and presented in the Remuneration Report prepared by the **CR** for the respective financial year.

The remuneration of the Executive Director can be adjusted in accordance with the **CCM** at Company level and in accordance with the Management Contract, by decision of the **BoD**.

8. UPDATING THE REMUNERATION POLICY

The **CR** is generally responsible for reviewing the remuneration policy, which includes:

- Review the policy in terms of its adequacy, taking into account the applicable corporate governance principles, relevant market practices and its adaptation to the business strategy;
- Review remuneration conditions, including performance measures applied to short-term incentives (content, weight and scale to reflect business priorities);
- Reviewing incentive levels before granting them;

The **CR** consists of three members and meets at least once a year.

The **TBM** Quality & Organization Director participates in the **CR** meetings. The Executive Director-General shall participate as appropriate.

Remuneration is reviewed whenever the **CR** notifies the need for the review.

8.1. DECISION MAKING PROCESS

The results of the revisions and amendments proposed by the **CR** are presented to the **BoD** for approval.

If the changes are outside the current remuneration policy and agreed by the **BoD**, they will be submitted to investors for approval as part of the **OGMS** agenda.

8.2. CONFLICT OF INTERESTS

As the **CR** discusses and prepares proposals for the **BoD**, the individual members and anyone else present at the **CR** meeting are obliged to disclose any conflict of interest without delay.

A conflict of interest will result either if:

1) member of the committee and / or participant in the meeting leaves the meeting

OR

2) the conflict of interests was highlighted by the **BoD**, as part of the introduction of a proposal.

8.3. DEVIATION FROM POLITICS

In exceptional circumstances, including, but not limited to, exogenous shocks, force majeure, or **M&A**, the **BoD** may decide to deviate from the policy to protect the long-term interests of **TBM** and investors.

The **BoD** may provide extraordinary compensation, such as a one-time bonus, the award of additional shares, or other, when deemed appropriate. Such a margin of appreciation will only be approved on the basis of verifiable criteria and the application of the derogation will be communicated in the remuneration report for that financial year but not exceeding the maximum limits for the additional remunerations (fixed and variable) granted to the administrators and directors, approved by the **OGMS / BoD**, as the case may be.

9. THE DECISION-MAKING PROCESS

In the elaboration and approval of the Remuneration Policy, three organizational structures are involved, respectively, **CR**, **BoD** and **OGMS** as they wish:

CR:

- draws up the Remuneration Policy and submits it to the approval of the **BoD**;
- proposes the percentage for the short-term incentive;
- drafts and presents to the **BoD** for approval the annual remuneration report which provides a comprehensive overview of remuneration, including all benefits, regardless of form, granted or due during the last financial year, to individual managers, including new recruits and former managers in accordance with this remuneration policy, a report that will be included in the management report of the **BoD** which is presented to the shareholders for approval within the **OGMS**.

BoD:

- approves the proposal for the remuneration policy or its modification, as the case may be, which will be submitted to the **OGMS** for approval.
- is responsible for the implementation of the remuneration policy.

OGMS:

- approves the remuneration policy;
- fixes on the appointment the remuneration of the members of the **BoD**;

***Note:** The remuneration policy must be approved in the **OGMS** in order to enter into force and, implicitly, to be applied.*

10. APPROVAL AND PUBLICATION OF THE REMUNERATION POLICY

This policy will be submitted for approval to the **OGMS** of **TBM** during 2021.

Subject to investor approval, it will take effect in **2021** and will be in effect for the next 4 (four) years.

However, the **CR** may request approval for a new policy at any time, if deemed necessary.

The policy is approved at the ordinary general meeting of shareholders convened in 2021 and subsequently published and available on the **TBM** website.