

## **REMUNERATION POLICY OF AROBS TRANSILVANIA SOFTWARE S.A.**

### **I. OBJECTIVE AND APPLICABLE LEGAL FRAMEWORK PRINCIPLES OF THE REMUNERATION POLICY SCOPE**

The main objective of AROBS TRANSILVANIA SOFTWARE S.A. in terms of remuneration is to comply with the principle of equity, taking into account the business strategy, organizational culture and values of the organization, long-term interests of the company and its shareholders.

The Remuneration Policy aims to provide appropriate and responsible remuneration by ensuring that the level and components of the remuneration are consistent with the organizational culture of AROBS TRANSILVANIA SOFTWARE S.A., its long-term objectives and strategy, as well as to its control environment, and the link to performance is clearly defined. All remuneration approved in accordance with the principles set out in this Remuneration Policy is aligned with best market practice but also with the strategy, objectives, values of AROBS TRANSILVANIA SOFTWARE S.A., the interests of shareholders and business performance.

The following key principles underpin the Remuneration Policy:

- To contribute to the successful implementation of the company's strategy;
- To create the appropriate framework to cultivate the skills necessary for the sustainable development of AROBS TRANSILVANIA SOFTWARE S.A.;
- To ensure appropriate shareholder involvement in setting the Remuneration Policy and monitoring its implementation;
- To contribute to the promotion of the mission and values of AROBS TRANSILVANIA SOFTWARE S.A.;
- To avoid situations of conflict of interest;
- To provide the necessary and flexible tools to reward managers according to their responsibilities, skills and performance;
- To ensure compliance with applicable legal requirements.

This Policy has been prepared taking into account the following statutory acts:

- Companies Law 31/1990, as subsequently amended and supplemented;
- Law 24/2017 on issuers of financial instruments and market operations, as subsequently amended and supplemented.

The Remuneration Policy applies to the members of the Board of Directors, as well as to the executives who have been delegated powers by the Board of Directors and who have a mandate contract with the company.

## **II. INTERNAL STRUCTURES WITH RESPONSIBILITY AND REMUNERATION STRUCTURE**

Within AROBS TRANSILVANIA SOFTWARE S.A., the onus is on the Board of Directors for adopting and maintaining the Remuneration Policy and supervising its implementation to ensure its full functionality. The Remuneration Policy and any subsequent revisions are subject to the approval of the Ordinary General Meeting of Shareholders of the company.

The remuneration structure for the members of the Board of Directors and of the executives of the company consists of a fixed remuneration, a performance-based variable remuneration and benefits. While the fixed remuneration is based on the competitive market level for positions with similar skills and responsibilities in the industry, the variable remuneration is determined according to the individual and team performance in the context of the macroeconomic environment prevailing at the relevant time and is granted according to procedures directly related to the company's economic and financial performance, the needs for continuity and sustainability of the company's business, and the company's resources at that time.

## **III. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS**

The members of the Board of Directors of the company receive a fixed allowance and a variable allowance, the amount of which are approved by the Ordinary General Meeting of Shareholders.

Variable allowance will be set at a level deemed reasonable and necessary to attract and retain suitably qualified persons from the market in which the company operates.

### **REMUNERATION OF EXECUTIVE DIRECTORS**

#### **FIXED ALLOWANCE**

The executive members of the Board of Directors are entitled to a fixed monthly allowance in relation to their activity within the Board of Directors.

The executive members of the Board of Directors will receive a fixed, monthly allowance, up to the maximum amount of RON 50,000 (fifty thousand), in gross value, payable 12 times a year. The remuneration set out above will be paid monthly, in RON, by electronic transfer to the bank account indicated by each Executive Director.

#### **VARIABLE ALLOWANCE**

The remuneration package of the executive members of the Board of Directors of the company also includes share acquisition option rights granting the right to receive shares in the company free of charge.

The variable remuneration, both the cash component and the share component, will be subject to the shareholders' approval.

The Stock Options Plan will contain at least the following terms and conditions:

- A minimum period of 1 year or the equivalent period established by the Romanian tax legislation, between the date of granting the right and the date of exercising it (acquisition of the equity);
- The exercise period shall not be less than 1 year, in order to satisfy the above condition;

- The Executive Directors must have signed a mandate contract with the company, prior to the grant of the share-based remuneration;
- At the date of exercise of the right (variable remuneration) the Executive Directors may also benefit from this right if the mandate contract has previously terminated, unless the termination was due to the fault of the Executive Director.

The financial and non-financial performance criteria for variable cash and share-based remuneration are as follows:

**Financial criteria:**

- Company EBITDA;
- NET PROFIT of the company;
- Company TURNOVER;

The targets for the financial performance criteria are set each year by the Board of Directors

**Non-financial criteria:**

- The social impact and sustainability of the Group's operations - e.g. environment, safety and employee engagement;
- Strategic project management: business development projects, turnaround management and increasing the company's profitability, significant process improvement, new markets and products, etc.

## REMUNERATION OF NON-EXECUTIVE DIRECTORS

### FIXED ALLOWANCE

Non-Executive Directors are entitled to a fixed monthly allowance in relation to their activity within the Board of Directors and to additional fixed allowances if they perform other functions on the Board of Directors, within the Special Committees.

The non-executive members of the Board of Directors will receive a fixed, monthly allowance up to a maximum amount of RON 40,000 (forty thousand), in gross value, payable 12 times a year. The remuneration set out above will be paid monthly, in RON, by electronic transfer to the bank account indicated by each Non-Executive Director.

### VARIABLE ALLOWANCE

The variable remuneration granted to non-executive members may be paid in cash and/or in shares.

The remuneration package of the non-executive members of the Board of Directors of the company may also include share acquisition option rights granting the right to receive shares in the company free of charge.

The members of the Board of Directors are covered by professional liability insurance, in accordance with the legal provisions in force.

The company may provide them with the necessary tools and means to carry out the activity such as: laptop, phone, car or other benefits (including health benefits).

## DIRECTORS' MANDATE CONTRACTS

The terms of office of the members at the establishment of the Board of Directors will be for two years, after which the terms of office of the members will be for four years. They can only be exercised after approval in the resolution of the General Meeting of Shareholders at which they are elected and after signing the mandate contracts.

In the event of appointment of a Director to a vacant position on the Board, the newly elected Director takes over the mandate for the remainder of the term of office of his/her predecessor, which may not exceed the term of office of the other Directors.

Mandate contracts may cease to have effect in any of the following ways:

- By unilateral termination by the Director of the mandate contract, by sending a written notice to the company, provided that a 45-day notice is observed;
- By expiry of the term;
- By express consent of the parties, establishing the effective date of termination;
- By termination at the company's initiative ("termination for cause") and with immediate effect;
- As an effect of unilateral termination at the company's initiative, by written notice given by the company, subject to a 30-day notice period;
- In other cases expressly provided for by law.

## IV. REMUNERATION OF MANAGERS

With regard to the Executive Directors of AROBS TRANSILVANIA SOFTWARE S.A., natural persons to whom the Board of Directors has delegated the management of the company, in accordance with the provisions of Article 143 of Companies Law 31/1990, they carry out their activity under a mandate contract.

In accordance with the legislation and sound remuneration policies, the remuneration of the managers consists of a fixed monthly remuneration and a variable remuneration, based on the fulfilment of the performance criteria set by the Board of Directors.

### FIXED REMUNERATION

The remuneration is fixed when the conditions for granting it:

- Are based on predefined criteria;
- Are transparent in terms of the individual amount granted to each manager;
- Are permanent, i.e. maintained over a period of time closely related to the specific role and organizational responsibilities;
- They are not revocable and the permanent amount is only changed by negotiation or subsequent renegotiations in accordance with the national legislation on the setting of salaries;
- They cannot be reduced, suspended or canceled by the company without the consent of the agent.

The net fixed monthly remuneration of the managers is approved by the Board of Directors and is reflected in the individual mandate contracts of the managers. The managers will receive a fixed, monthly allowance up to a maximum amount of RON 50,000 (fifty thousand), in gross value, payable 12 times a year. The remuneration set out above will be paid monthly, in RON, by electronic transfer to the bank account indicated by each manager.

The fixed remuneration of the managers is determined by direct negotiation with the Board of Directors at the execution of the mandate contracts. The level of the fixed component paid each year is set out in the remuneration report.

#### VARIABLE REMUNERATION

The remuneration is variable when it does not meet the conditions for inclusion in the fixed remuneration category.

The amount of variable remuneration depends on:

- Assessment of individual performance;
- Overall company performance

The assessment of individual performance will take into account both financial and non-financial aspects such as:

- Achievement of the company's overall objectives/performance;
- Establishment/involvement in achieving business strategy;
- Achievement of the net profit target and the budget achieved for the financial year;
- Setting long-term objectives;
- Ensuring business continuity;
- The implementation and continuous improvement of applicable company-wide policies;
- Contributing to the company's performance through the decisions taken;
- Improvement of industry-specific indicators/scores regarding: corporate governance, investor relationship and/or other indicators that measure the compliance with standards and best practices in the business environment.

The variable remuneration is intended to encourage executives to focus on long-term value creation for the company, in line with the company's strategy and to align the interest of the executives with the interests of the company and the shareholders. Variable remuneration may be in cash and/or share-based.

Therefore, a manager may:

- Receive cash bonuses according to his/her performance and the criteria governing the award of variable compensation; and/or
- May receive share acquisition rights under a share option plan, provided that such a program exists in the company and the Board of Directors has decided to grant such variable remuneration to the executive in question.

The annual variable remuneration of the managers will only be granted to the extent that the performance targets are met and is approved by the Board of Directors within the limits set by the applicable regulations. The remuneration policy will be updated accordingly with the amounts approved by the Ordinary General Meeting of Shareholders and/or the Board of Directors or with other benefits, as the case may be.

Managers are covered by professional liability insurance as per the legal provisions in force. The company may provide them with the necessary tools and means to carry out their duties such as: laptop, phone, car, daily travel allowance in the country and abroad when travelling in the interest of the company or other benefits (including health benefits).

#### CRITERIA USED TO MEASURE PERFORMANCE:

- Specific indicators (i) company's market capitalization, (ii) turnover, (iii) gross profit margins, (iv) rule of 40 (*it is a principle that states that if a company's revenue growth rate were to be added to*

*its profit margin, the total should exceed 40%. Companies with a threshold above 40% are generating sustainable profits).*

- Results of various perception/feedback studies commissioned by the company (among customers/employees/shareholders, variety of products);
- Implementation of projects within the company with a focus on innovative/high value-added projects;
- Improvement of industry-specific indicators/scores regarding: corporate governance, investor relationship and/or other indicators that measure the compliance with standards and best practices in the business environment;
- Achievement of individual and departmental targets;
- Achievement of the objectives set by the Board of Directors;

The variable allowance may be granted in full or in part depending on the level of achievement of the objectives set, by the decision of the Board of Directors, with due regard to the principles of equity and payment for performance.

## **V. GOVERNANCE AND DEVELOPMENT OF REMUNERATION POLICIES AND PRACTICES IN THE CONTEXT OF THE RULES OF CONDUCT OF BUSINESS AND CONFLICTS OF INTEREST**

The Remuneration Policy is designed to avoid creating incentives that could lead the relevant persons to favor their own interests or the interests of the company (business interests) to the potential detriment of the customers or shareholders.

## **VI. APPROVAL OF THE REMUNERATION POLICY**

The Remuneration Policy is subject to the approval by the Ordinary General Meeting of Shareholders of the company. As soon as the Nominations and Remuneration Committee of Arobs Transilvania Software SA is established, this policy will be drafted by this Committee and submitted for discussion to the Board of Directors, and the final form will be submitted for approval to the Ordinary General Meeting of Shareholders of the company. Once approved by the Ordinary General Meeting of Shareholders, the Remuneration Policy becomes applicable and binding. If the Ordinary General Meeting of Shareholders does not approve the Remuneration Policy, the Board of Directors will continue to apply the current policy and will propose another form of the policy, which will be submitted for approval at the next Ordinary General Meeting of Shareholders.

The company shall submit the Remuneration Policy to a vote at the Ordinary General Meeting of Shareholders whenever there is a material change, and in any case at least once every four years.

## **VII. NOMINATIONS AND REMUNERATION COMMITTEE**

The Nominations and Remuneration Committee of Arobs Transilvania Software SA will, from the moment of its establishment, have the following duties in relation to the Remuneration Policy:

- Annually review the company's Remuneration Policy and, if appropriate, propose its review whenever necessary, with a commitment to include a description and explanation of all significant changes to the policy and how the votes and views of the shareholders have been taken into account;
- Recommends to the Board of Directors the levels of remuneration of the company's directors and executives;
- Oversees the implementation of the Remuneration Policy within the company;

The Nominations and Remuneration Committee will be composed of a minimum of 2 (two) non-executive members, one of whom is an independent non-executive member, appointed by vote from among the members of the Board of Directors.

The Board of Directors has the following responsibilities in relation to remuneration:

- To prepare, discuss and recommend the Remuneration Policy to be submitted for approval at the Ordinary General Meeting of Shareholders and to revise and/or update it, if and whenever necessary, in compliance with the regulations in force, based on the recommendations of the Nominations and Remuneration Committee at the time it is set up, in order to ensure its consistency with the corporate governance principles and legal requirements;
- To propose to the Annual Ordinary General Meeting of Shareholders the amount of fixed and variable remuneration for the members of the Board of Directors;
- To determine the level of the fixed and variable remuneration of the company's executives, to establish the performance criteria based on the recommendation of the Nominations and Remuneration Committee, as well as the additional remuneration granted to the directors for additional functions (since its establishment) and in compliance with the general limits approved by the General Meeting of Shareholders.

## **VIII. REMUNERATION REPORT**

Arobs Transilvania Software SA shall prepare annually a remuneration report providing an overview of the remuneration, including all benefits, in whatever form, granted or due during the previous financial year, to each executive and member of the Board of Directors, including newly recruited and former managers in accordance with the Remuneration Policy.

The remuneration report shall contain, as appropriate, the following information on the remuneration of each executive and/or member of the Board of Directors:

- The total remuneration broken down by component, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration is consistent with the Remuneration Policy adopted, including how it contributes to the long-term performance of the Company, and information on how the performance criteria have been applied;
- The annual change in the remuneration, the company's performance and the average remuneration on the full-time equivalent of the company's non-executive employees for at least the last 5 financial years, presented together in a comparable manner;
- Any remuneration received from any entity belonging to the same group;
- The number of shares and share options granted or offered, and the main terms for exercising the rights attaching thereto, including the exercise price and date, together with any changes thereof;
- Information on the use of the claw back of variable remuneration;
- Information on any deviation from the procedure for the implementation of the Remuneration Policy provided for in Article 106 paragraph (8) - (12) of Law 24/2017 and on any waivers applied pursuant to Article 106 paragraph (6) of the same law, including explanations regarding the nature of the exceptional circumstances and the indication of specific elements waived.



The remuneration report for the most recent financial year shall be submitted to a vote at the Ordinary General Meeting of Shareholders, the opinion of the shareholders resulting from the vote being purely advisory. The company will explain how the Shareholders' vote has been taken into account in the following remuneration report.

The Company will make the remuneration report available to the public on its website free of charge for a period of 10 years and may, at its sole discretion, keep it available for a longer period, provided that it no longer contains the personal data of the executives. The financial auditor/audit firm carrying out the statutory audit shall verify whether the information has been provided in accordance with the requirements of Law 24/2017, republished. The company's executive, acting within the scope of their powers conferred by the applicable rules, have collective responsibility to ensure that the remuneration report is prepared and published in accordance with the legal requirements. The company's executive is responsible for the violation of its responsibilities, in consideration of the above.

#### **IX. TEMPORARY WAIVERS FROM THE PROVISIONS OF THE REMUNERATION POLICY IN EXCEPTIONAL CIRCUMSTANCES**

Exceptions to this Remuneration Policy may apply if exceptional circumstances so require (*i.e.*, the deviation is necessary to serve the company's long-term prospects and sustainability) and only on a temporary basis, until a new policy is adopted. Exceptions/deviations may consist of:

- Granting of variable remuneration without applying the financial and non-financial criteria (exceptional circumstances such as economic crisis, force majeure events, significant legislative changes, etc., have been recorded in the reference year, making it impossible to apply the financial and non-financial criteria under conditions of reduced predictability of economic developments, and, consequently, variations in the approved income and expenditure budget);
- Change in the remuneration structure, exceeding the threshold indicated in the Remuneration Policy;
- The ability to adjust the financial and non-financial performance criteria (including any relevant performance periods) for variable allowances, and to adjust vesting schedules;
- When recruiting persons from other companies, it may be necessary, in the given circumstances, to grant additional cash or share compensation to compensate for the loss of incentives/bonuses upon leaving the current employer;
- Above-market levels of remuneration may be provided to attract or retain persons who are deemed essential to the company's strategy;
- Defer payment of variable remuneration regardless of whether the criteria have been met (although the financial and non-financial criteria have been met, the company does not have sufficient resources to continue in good standing, *i.e.* to serve the long-term interests and sustainability of the company as a whole or to ensure its viability).

In all such cases, the Board of Directors shall give reasons for its decision by identifying the exception and describing the reasons and circumstances that led to its application.

All exceptions/deviations will be aligned with the main objectives of the Remuneration Policy. Exceptions/deviations will be submitted for approval/confirmation by the Ordinary General Meeting of Shareholders.



## **X. REVIEW AND SUSTAINABILITY OF THE REMUNERATION POLICY**

This Remuneration Policy will be reviewed and updated whenever the company's situation or external circumstances so require, as well as in other situations as indicated and/or in accordance with the applicable legal framework.

## **XI. FINAL PROVISIONS**

Any other previous resolutions of the General Meeting of Shareholders of the company regarding the remuneration of the Executive Directors and of the Directors shall be revoked upon approval of this Remuneration Policy by the Ordinary General Meeting of Shareholders.