

## **The annual remuneration report of SIF Muntenia SA for the year 2021**

### **1. Introduction**

The Director of SIF Muntenia SA (“the Company”), SAI Muntenia Invest SA (“the Director”), prepared this annual report in accordance with the remuneration policy of the Company’s directors (“Remuneration Report”) which includes the remuneration and other benefits granted to the Director of the Company and the Board of Shareholders' Representatives (“BSR”) during the financial year ended December 31, 2021.

The Remuneration Report provides a comprehensive overview of the remuneration, including all benefits, regardless of form, granted or due during the last financial year, to the director of SAI Muntenia Invest SA, in accordance with the Remuneration Policy.

The Remuneration Policy was prepared by the Director, approved by the BSR of SIF Muntenia SA and by the Ordinary General Assembly of Shareholders of April 28, 2021, and is in accordance with the provisions of art. 106 of Law 24/2017 on issuers of financial instruments and market operations (“Law 24/2017”).

Considering that SIF Muntenia SA is managed by SAI Muntenia Invest SA, according to the management contract approved by the General Assembly of Shareholders (GAS) on April 23, 2020, approved by FSA according to Opinion no. 165 / 22.07.2020, for a period of 4 years (“Management Agreement”), and that SIF Muntenia SA has only one employee and the Director has its own remuneration policy, this report mainly reflects the existing commitments with the Director.

This Report shall be subject to the advisory vote of the Ordinary General Assembly of Shareholders.

### **II. Criteria**

In order to promote the development of corporate governance in the conditions of applying best practices and prudent management, also considering that the representatives of the Company's Administrator are remunerated in accordance with its own Remuneration Policy, SIF Muntenia SA has the obligation to comply with the requirements on the basis of the application of the principles of corporate governance regarding the remuneration of executive / senior management, as follows:

- The remuneration policy is prepared by the Director and is analysed and adopted by the BSR so that it corresponds to the business strategy, objectives and long-term interests of the Company and includes measures to prevent conflicts of interest;
- The BSR ensures that all remuneration commitments are properly and responsibly structured and that remuneration policies allow and promote effective risk management, without leading to risk-taking that exceeds the level of risk tolerance of the regulated entity;
- The level of remuneration is set in close accordance with the responsibilities and commitments related to duties.

### III. Remuneration of the Director of SIF Muntenia SA

The remuneration of the Director is established in the Management Contract of April 23, 2020, endorsed by the FSA by Notice no. 165 / 22.07.2020 and approved by the shareholders at the Ordinary General Assembly of Shareholders of the Company on April 23, 2020. The price of the management contract concluded between the Company and the Director is represented by the management fee, consisting of a monthly management fee and a performance fee, if the criteria set out in Chapter V of the management contract are met.

The management fee consists of a fixed part and a variable part (performance fee):

- the fixed part is calculated and paid monthly and is equal to 0.125% of the value of the total asset as it was certified by the Company's Depositary for the last working day of the month. The total value of the administration commission of SIF Muntenia SA (fixed part) for the year 2021 is 28,716,859 lei;
- the variable part is calculated at the end of the year and is paid after the approval by the GMS of the financial statements of the Company and is equal to 10% of the amount by which the gross profit exceeds the gross profit provided in the Revenue and Expenditure Budget approved by the GMS of the Company. the year in which the profit was recorded. In 2021, the performance commission is worth 24,178,381 lei.

Thus, the management fee of the Director for the financial year 2021 was in the amount of 52,895,240 million lei, representing 2.87% of the average net assets, respectively 2.76% of the total average assets of the Company in 2021.

Given that the variable part of the management fee, namely the performance fee, is granted only depending on how the Director meets the performance criteria and the objectives established annually by the GAS SIF Muntenia SA through the Management Program and the Revenue Budget and Expenses, this is a motivating factor for the Administrator and contributes to its long-term performance.

The total remuneration of the Company Director in the last 5 years is presented in the table below:

Total remuneration	2021	2020	2019	2018	2017
Amount in Lei	52,895,241	19,939,043	26,141,496	17,400,000	18,400,000
% variation year to year	165.28	-23.73	50.24	-5.43	-

The variation from one year to another of the Administrator's remuneration is determined by:

- in the period from January 1st, 2017 to July 24th, 2020, the monthly management fee was calculated according to the management contract dated 01.07.2009, as a percentage (0.08%) of the net assets certified by the depositary on the last day of the month and a performance fee equal to 10% of the value by which the gross profit realized exceeds the gross profit provided in the Revenue and Expenditure Budget approved by the GAS of the Company. The value of the monthly management fee cannot be lower than 1.450.000 Lei.

- in the period from 24 July 2020 to 31 December 2021, the monthly management fee was calculated according to the management contract of 19.06.2019, as a percentage (0.125%) of the total assets certified by the depositary on the last day of the month and a fee of performance equal to 10% of the value by which the gross profit realized exceeds the gross profit provided in the Revenue and Expenditure Budget approved by the GAS of the Company.

The structure of the management commissions in the last 5 years was as follows:

Management fee	2021	2020	2019	2018	2017
<b>Fixed part</b>	28,716,859	19,939,043	17,400,000	17,400,000	17,400,000
<b>Variable part</b>	24,178,381*	-	8,741,496	-	1,000,000

\* The amount must be confirmed by approving the annual financial statements for 2021 in the OGMS

The evolution of the net assets and the total assets of the Company in the last five years, according to which the Director was remunerated monthly is the following:

Indicator	2021	2020	2019	2018	2017
<b>Average net assets</b>	-	-	1,467,154,498	1,398,034,243	1,290,951,167
<b>Average total assets</b>	1,914,457,295	1,527,099,079	-	-	-

The evolution in the last five years of the gross profit realized compared to the gross profit provided in the Budget of Revenues and Expenditures, according to which was the performance commission of the Director is the following:

Indicator	2021	2020	2019	2018	2017
<b>Budgeted gross profit</b>	26,160,000	33,600,000	30,900,000	39,700,000	43,000,000
<b>Gross profit / (Gross loss) realized</b>	269,012,316	(36,097,196)	120,402,877	27,149,402	56,075,246

The director of the Company did not obtain other benefits from SIF Muntenia SA and, within the meaning of art. 107, para. (2), letter. c) of Law 24/2017, did not receive any remuneration from any entity belonging to the SIF Muntenia SA group.

Also, within the meaning of art. 107, para. (2), letter d) of Law 24/2017, the Director did not receive any shares or options per share from the issuer SIF Muntenia SA.

#### IV. Remuneration of SIF MUNTENIA SA employees

SIF Muntenia SA has only one employee with a fixed monthly remuneration related to the minimum wage per economy, for a part-time work schedule (2 hours / day, 10 hours / week), having specific attributions to the position of cashier.

In the period 2017-2021, SIF Muntenia SA had the same sole employee, having the same fixed monthly remuneration, related to the minimum wage per economy, for a part-time program, from the respective years.

All other necessary services are provided by the Director of SIF Muntenia SA through its own employees and contractors.

#### V. Remuneration of members of the Board of Shareholders' Representatives (BSR)

The Board of Shareholders' Representatives (BSR) is a supervisory body composed of 3 individuals elected by the GAS, for a term of 4 years, the current members being appointed starting with 25.06.2018. These represent the interests of the Company's shareholders in relation to its director.

The powers and responsibilities of the BSR are set out in the Articles of Incorporation of the Company and, inter alia, ensure that all remuneration commitments are properly and responsibly structured and that remuneration policies allow and promote effective risk management, without leading to risks that exceed the level of risk tolerance of the regulated entity.

Thus, the net remuneration structure of BSR members for the period 2018-2021 was as follows:

The net amounts are expressed in Lei

Position	2021	2020	2019	2018	Fixed pay ratio	Variable pay ratio
BSR President	120,000	120,000	120,000	62,000	100%	n/a
BSR members (2 members)	132,000	132,000	132,000	67,200	100%	n/a

The net remuneration of the Board members for the period 2017-2018 was as follows:

The net amounts are expressed in Lei

Position	2018	2017	Fixed pay ratio	Variable pay ratio
BSR President	58,000	140,000	100%	n/a
BSR members (9 members)	287,100	693,000	100%	n/a

There were no other benefits related to the remuneration of BSR members. Also, within the meaning of art. 107, para. (2), letter. c) of Law 24/2017, BSR members did not receive any remuneration from any entity belonging to the SIF Muntenia SA group.

Also, within the meaning of art. 107, para. (2), letter d) of Law 24/2017, the members of BSR did not receive any shares or options per share from the issuer of SIF Muntenia SA.

## VI. Final provisions

The Remuneration Report will be submitted to the consultative vote of the Ordinary General Assembly of Shareholders (OGAS), will be published on the website of SIF Muntenia SA at [www.sifmuntenia.ro](http://www.sifmuntenia.ro) and will remain available to the public for 10 years from publication, in accordance with the applicable legal provisions.

This report was verified by the statutory financial auditor, KPMG Audit SRL.