
**REMUNERATION POLICY OF
SOCIETATEA DE INVESTIȚII FINANCIARE MUNTENIA SA**

1. Introduction

Remuneration Policy ("Policy") of Societatea de Investitii Financiare Muntenia SA ("SIF MUNTENIA"), a joint stock company established in accordance with Romanian legislation, which represents within the meaning of Law no. 74/2015 on managers of alternative investment funds ("Law 74/2015") and of Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts ("Law 243/2019") **an alternative investment fund**, and an **issuer** under Law no. 24/2017 on issuers of financial instruments and market operations ("Law 24/2017").

SIF MUNTENIA is an entity supervised by the Financial Supervisory Authority ("FSA").

The Policy was prepared by the Administrator of SIF MUNTENIA SA, acknowledged by the Shareholders' Representatives Council (SRC) of SIF Muntenia, and will be submitted for approval to the Annual Shareholders General Meeting (SGOM) of SIF Muntenia of 2021, in accordance with Law 24/2017.

Considering that:

- (i) SIF Muntenia is managed by SAI MUNTENIA INVEST SA., as Sole Manager and Alternative Investment Fund Manager ("Fund Manager"),
- (ii) the management contract concluded between SIF MUNTENIA and its Fund Manager was approved by the Shareholders General Meeting (SGM) of the Fund on 23rd April, 2020, being endorsed by the FSA according to Approval no. 165 / 22.07.2020, for a period of 4 years ("Management Contract"),
- (iii) SIF Muntenia has only one employee of its own,
- (iv) The Fund Manager has its own remuneration policy ("Fund Manager Remuneration Policy") in accordance with Directive 2011/61 / EU on alternative investment fund managers and amending Directives 2003/41 / EC and 2009/65 / EC and Regulations (EC) no. 1060/2009 and (EU) no. 1095/2010 ("DAFIA") 2,

this Policy mainly reflects the existing commitments with the Administrator of SIF Muntenia, in accordance with the Management Agreement. The Policy is prepared in order to contribute to the business strategy, long-term interests and sustainability of SIF Muntenia. The Policy complies with and promotes sound and effective risk management, without encouraging risk-taking that is not in line with the risk profile, rules or articles of incorporation of SIF Muntenia.

SIF Muntenia's Administrator intends for this Policy to remain in force until the expiration of its term of office or, unless significant events occur (eg change in remuneration), in which case an updated Policy will be submitted for approval to the SGM.

2. Purpose of the Policy

The purpose of this Policy is to establish the corporate governance principles on the remuneration of (i) the Fund Manager and (ii) SRC members, as provided by the legislation in force as well as in the Corporate Governance Code of the Bucharest Stock Exchange (BSE).

3. Criteria

In order to promote the development of corporate governance under best practices conditions and prudent management achievement, considering also that the representatives of the Fund Manager are remunerated in accordance with the Remuneration Policy of the Fund Manager and DAFIA, SIF Muntenia must observe certain requirements underlying the application of the principles of corporate governance related to the remuneration of executive / senior management, as follows:

- The remuneration policy will be prepared by the Administrator of SIF Muntenia but analyzed and acknowledged by the SRC so that it corresponds to the business strategy, objectives and long-term interests of SIF Muntenia and includes measures to prevent conflicts of interest;
- The SRC 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 established in close connection to the responsibilities and commitments related to the attributions;

Considering that the Administrator of SIF Muntenia has its own remuneration policy, the SRC considers that the Remuneration Policy of the Fund Manager reflects solid remuneration principles, aligning the personal objectives of its employees with the long-term interests of the Administrator of SIF Muntenia and SIF Muntenia SA.

4. Decision making process and governance

In order to comply with the legal provisions in force on corporate governance principles, SIF Muntenia pays the remuneration to the Administrator and / or SRC members in accordance with a remuneration policy approved by the Annual Shareholders General Ordinary Meeting and in compliance with the Management Agreement. The policy is submitted for approval by the general meeting if any significant changes occur and, in any case, at least every four years. If the annual general meeting of SIF Muntenia shareholders does not approve the proposed new policy, SIF Muntenia will continue to pay the remuneration in accordance with the already approved policy and will present a revised policy for approval at the next general meeting, even if it is not an annual general meeting. The revised policy will also include (i) a description of all significant policy changes and how shareholders' votes and views on remuneration policy are taken into consideration, and (ii) a report from the last vote of the general meeting of shareholders on the remuneration policy. Regarding the decision-making process, the following governing bodies are involved in the elaboration, submission for approval, approval and implementation of the Policy.

Shareholders General Ordinary Meeting

- Approves the Policy and any changes thereto;
- Approves the remuneration of the SIF Muntenia's Administrator and of the SRC members.

The Administrator of SIF Muntenia

- Presents SIF Muntenia strategy and management policy for approval by the SGOM.

Shareholders Representatives Council

- represents the interests of SIF Muntenia in relation to the Administrator;

- verifies the elaboration of the annual program regarding the administration of SIF Muntenia SA's portfolio;
- analyzes the periodic reports prepared by the Administrator;
- observes the way in which the contractual clauses and the commitments assumed by the Administrator through the management contract and through the administration program approved by SIF Muntenia SA's SGM are complied with.

5. Remuneration of the Administrator of SIF MUNTENIA and of Shareholders' Representatives Council

5.1. Remuneration of the Administrator of SIF MUNTENIA

The remuneration method of SIF Muntenia's Administrator is established according to the Management Contract negotiated with the SIF Muntenia Administrator and approved by the shareholders. The current remuneration of the Fund Manager is regulated by the Management Agreement concluded between SIF Muntenia and the Fund Manager ("Management Agreement").

The price of the management contract is represented by the amount resulting from the application of the management fee consisting of a monthly management fee and a performance fee, determined and paid under the conditions specified below and in accordance with the provisions of the Articles of Incorporation of SIF Muntenia SA.

The administration fee is determined according to the following formula:

$$\text{monthly management } F = TA_c \times C$$

Where:

monthly management F - represents the value of the monthly management fee, calculated on a monthly basis

TA_c - represents the value of the total assets of SIF Muntenia certified by the depositary for the last working day of the month

C - represents a percentage coefficient. From the date of entry into force of this contract, the value of this coefficient is 0.125%.

The payment of the monthly management fee will be made within a maximum of three business days from the certification by the depositary of the net asset value of SIF Muntenia SA.

Depending on the way in which the Administrator meets the performance criteria and objectives established annually by the SGM of SIF Muntenia through the Management Program and the Revenue and Expenditure Budget, SIF Muntenia will pay the Administrator a performance fee in accordance with the provisions of the Articles of Incorporation of SIF Muntenia, calculated as follows:

$$\text{Performance fee} = (\text{Achieved gross profit} - \text{Budgeted gross profit}) \times 10\%$$

Performance fee is an expense for the year for which it is calculated and influences the final gross profit in the financial statements.

The value of the coefficients used to calculate the performance fees is valid for the entire duration of the contract. The value of the performance fee will be calculated annually, within a maximum of 15 days from the date of concluding the annual financial reporting of SIF Muntenia. The payment of the performance fee specified in this chapter shall be made within three business days from the registration of the annual financial statements of SIF Muntenia to the

competent authority.

5.1.1. Remuneration of SIF MUNTENIA SA employees

SIF Muntenia has a single own employee with a fixed monthly remuneration related to the minimum wage in the economy, for a part time work schedule (2 hours / day, 10 hours / week), having specific attributions to the cashier position.

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

The SRC considers that the key principles of the Fund Administrator's Remuneration Policy are appropriate, thus:

- (i) they pursue compatibility with sound and effective risk management, promote this type of management, without encouraging risk-taking that does not comply with the risk profile, rules or articles of incorporation of the entities they manage;
- (ii) they seek to mitigate incentive practices that may encourage employees to take unnecessary risks;
- (iii) the remuneration includes the basic remuneration (tariff salary) and may also include a variable remuneration or other benefits.

5.1.2. Remuneration of SAI MUNTENIA INVEST SA, the Administrator's employees

The Board of Directors (BoD) of SAI Muntenia Invest SA appoints an advisory committee composed of 2 members whose role is to consult / assist the Board in establishing / supervising remuneration policies and practices as well as those for nominating and evaluating persons in the management structure, denominated the Nomination and Remuneration Committee (NRC).

NRC structure

NRC members are members of the Board of Directors who do not hold executive positions within SAI Muntenia Invest SA. At least one independent member of the Board of Directors is appointed in the NRC, in the sense that it complies with the principle of independence provided under art. 18 of the FSA Regulation no. 1/2019 on the evaluation and approval of the members of the management structure and of the persons holding key positions within the entities regulated by the Financial Supervisory Authority (Regulation 1/2019).

The NRC structure considers that at the aggregate level it should have sufficient professional competences and experience regarding risk management and control activities, more precisely with reference to the mechanism of aligning the remuneration structure to the risk and capital profiles of SAI Muntenia Invest SA, respectively of the managed entities.

NRC statute

The NRC, during the activity related to the remuneration:

- has access to internal / external consultancy, independent of consultancy provided by or to the senior management;
- has unlimited access to all data and information regarding the decision-making process of the Board of Directors regarding the design and implementation of the remuneration system;
- has unlimited access to all data and information from the risk management and control / compliance functions;
- ensures the appropriate involvement of internal control and other competent functions (for example, human resources).

5.2. Term of office of the Administrator of SIF MUNTENIA SA, notification of termination and possible damages for revocation

The duration of this contract is 4 years, respectively between 23.04.2020 and 23.04.2024. The contract will take effect from the date of its authorization by the FSA, according to the Approval no. 165 / 22.07.2020 and until the date of completion of the mandate granted to SAI Muntenia Invest SA, in accordance with the decision of SIF Muntenia's SGOM dated 23.04.2020. The contract may be terminated under the conditions provided in the management contract.

Either party may legitimately terminate the contract, by written notification with acknowledgment of receipt, sent at least 180 days before the date of termination of the contractual relationship. The denunciation by the parties will be made in compliance with the provisions of the legislation in force, of the FSA regulations and of the articles of incorporation of SIF Muntenia SA.

There are no damages for revocation payable by any party to the contract.

5.3. Remuneration of the SRC members

The net monthly remuneration of each member of the SRC is 5,500 lei and 10,000 lei net for the President of the SRC.

SRC members are appointed for a term of 4 years starting with 25.06.2018.

5.3.1. Recruitment and selection of SRC members

Individuals who can apply for a position in the SRC of SIF MUNTENIA SA must meet the following conditions:

- a) not to be employees or administrators of a Fund Manager or an AIFM or of another financial investment company and not to have any contractual relationship with SIF MUNTENIA SA or with the AIFM that manages SIF MUNTENIA SA;
- b) not to have been convicted by a final sentence for fraudulent management, abuse of trust, forgery, use of forgery, deception, embezzlement, perjury, giving or taking bribe;
- c) to be a graduate of a higher education institution with a bachelor's or diploma exam;
- d) to have experience of at least five years in the financial-banking field, of the capital market, in the management of a company or in university education;
- e) not to hold, directly or together with the spouse, the relatives up to the third degree or kinship up to the second degree, more than 5% of the share capital of the depositary with which SIF MUNTENIA SA concluded a depositary contract;
- f) not to have been sanctioned by a financial markets regulatory authority with the prohibition of exercising professional activities;
- g) not to be in any other state of incompatibility provided by the legal provisions in force or by the articles of incorporation

6. Avoiding conflicts of interest

This Policy is elaborated based on the principle of avoiding conflict of interest and includes measures that ensure professional and responsible behavior at the level of SIF Muntenia. The administrator of SIF Muntenia and the members of the SRC must act with the necessary diligence and behave in a way and with such ethics and integrity, so as to avoid a conflict of interest, real or apparent. A “conflict of interest” means that situation or circumstance that may arise in the operational or decision-making process, in which the private interest, direct or indirect, of a person holding a key position within SAI Muntenia Invest SA is interposed with the interests of SIF Muntenia and affects or could affect its independence and impartiality in the decision-making process, professional reasoning or timely and objective performance of duties or which could affect, by its nature, the integrity or stability of SIF Muntenia SA and the financial market. In this regard, the Administrator of SIF Muntenia and the members of the SRC must avoid activities, interests and other relationships that could be contrary to the interests of SIF Muntenia or could cause a conflict with the performance of their duties.

Measures to prevent conflicts of interest:

- the remuneration level of the Fund Manager and of the SRC members is established in close connection with the responsibilities and commitments related to the attributions, in accordance with the provisions of the Management Contract and of the mandate contract;
- the shareholder who is also a member of the SRC will not participate in the decision regarding his / her remuneration package and / or mandate contract;
- the elimination of any direct link between the remuneration of relevant persons who mainly carry out a certain activity and the remuneration of other relevant persons, who carry out mainly other activity, when the activities in question may generate a conflict of interests;
- it is forbidden to use the position held within SIF Muntenia in the interest of persons with whom there are kinship relations or other extra-professional relations within the remuneration practices; in order to avoid conflicts of interest, the aim is to avoid appointing people to such positions, that is why each candidate for the position of the SRC member must provide a questionnaire on his/her independence which will be the basis of the independence analysis carried out by the SRC

7. Exception to this Policy

Modification of the relevant legislation may lead to exceptions to this Policy, beyond SIF Muntenia SA control.

8. Final provisions

The Policy, after being voted by the Annual Shareholders General Ordinary Meeting, will be available on SIF Muntenia’s website together with the date and results of the vote and will remain available to the public, free of charge, at least for the period in which it is in force.