# Remuneration Policy
# of TURISM FELIX S.A.

approved on 19.04.2021 by the Ordinary General Meeting of Shareholders

## General considerations

This policy describes the formal approach used by TURISM FELIX S.A. to determine the remuneration of its executive directors with mandate contracts and members of its Board of Directors, in accordance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations, as subsequently amended and supplemented.

The purpose of this policy is to provide a transparent overview of the remuneration principles and methods used by the Company to ensure the attraction, retention and motivation of top professionals, the Company thus defining a management by objectives system.

The Remuneration Policy is the general framework established by the Ordinary General Meeting of Shareholders, which the Company implements and concerns the remuneration of the executive directors with a mandate contract and the directors, which is in line with the Company's business strategy, objectives, values and long-term interests.

The company places rewarding and motivating leaders to achieve goals at the heart of its long-term strategy, given that it operates in a highly competitive market.

The remuneration policy explains the decision-making process leading to its establishment, review and implementation, including measures to avoid conflicts of interest.

The remuneration policy describes how the remuneration and terms and conditions of employment of the issuer's employees have been taken into account when determining the remuneration policy.

## Main principles

Strategic consistency - remuneration schemes should be aligned with the Company's long-term strategy and its short-term elements, ensuring a balance between shareholder remuneration and that of the Company's management/management team.

Sustainability - remuneration should stimulate medium and long-term motivation and not be overly focused on short-term and unsustainable gains.

Performance orientation - remuneration should be set in line with relevant performance, enabling the Company to attract and retain top professionals and rewarding achievement of objectives.

Market relevance - reward should be determined in the context of the market conditions in which the Company operates to ensure competitive and efficient recruitment.

Transparency - the dynamics and logic of remuneration schemes should be designed with simplicity in mind and aim for full understanding by all internal and external information users, including promoting transparency on remuneration and the criteria for setting it.

**Approval of the Remuneration Policy**

The Company has established a remuneration policy in respect of the executives on whom shareholders are entitled to vote and approve at the Annual General Meeting of Shareholders.

| | A.G.O.A. | C.A. | Remuneration Committee |
|---|---|---|---|
| Remuneration Policy (approval and review) | approves | proposes** | Formulate the recommendation |
| Remuneration report | advisory vote | approves | Formulate the recommendation |
| CA - additional amounts for additional responsibilities * | - | approves | Formulate the recommendation |
| The maximum annual amount of all remuneration | approves | proposes | Formulate the recommendation |

**Advisory Committees/Chair*

*** takes the decision to approve the submission of the document in question to the A. G. O. A.*

The Company has a **Remuneration Committee** which has an advisory role to the Board of Directors.

Thus, in line with corporate governance principles and regulations applicable to the Company, the Compensation Committee has the following main responsibilities:

(i) Make recommendations to the Board of Directors on remuneration levels;

(ii) Formulate proposals on remuneration policy;

(iii) Monitor the implementation of the remuneration policy within the Company.

**The Legal Department** supports and advises management in the implementation of this policy and recognizes how this policy affects applicable company laws and regulations by endorsing *(as appropriate*) this policy and all documents issued under this policy.

The above tasks are complemented by additional responsibilities specific to each structure.

**Remuneration structure**

The remuneration structure for executive directors and members of the Board of Directors consists of two main elements: fixed remuneration and variable remuneration.

**A. FIXED** (basic) **REMUNERATION** - the fixed component of remuneration, not conditional on the fulfilment of performance criteria, the main element of which consists of the allowances granted under the management/employment contract. The company will aim to offer a competitive basic remuneration, but will refrain from bidding above market rates, given the focus on the variable part of the compensation.

It is considered basic pay when the conditions listed below are met:

- It is based on pre-established criteria.
- It is not discretionary in terms of level of professional experience and level of seniority.
- It is transparent about the individual amount granted.
- It is permanent (maintained over a long period of time closely linked to the specific role and responsibilities).
- It is irrevocable (the permanent amount can only be changed by negotiation and annual review).
- It cannot be unilaterally reduced, suspended or cancelled by the company without the consent of the party.

The members of the Board of Directors receive a fixed monthly remuneration which is determined by resolution of the Ordinary General Meeting of Shareholders for each financial year.

Members of the Board of Directors who are members of advisory committees of the Board of Directors receive additional remuneration as provided for by law and the Company's Articles of Association.

The limits of the fixed monthly remuneration of the executive directors are set out (as a rule) in the Company's Articles of Association and *range between 7 and 15* .gross average *salaries* earned by the company in the previous financial year. The actual level of remuneration is determined by the mandate contract.

**B. VARIABLE REMUNERATION** - a form of additional payment or allowance paid by the Company, taking into account performance criteria, designed to recognise the performance of executive directors and members of the Board of Directors over a given period and a differentiating element of the remuneration package.

The variable part of the remuneration package is based on certain eligibility conditions, qualitative criteria and quantitative criteria. The maximum amount for variable remuneration is approved by the A.G.O.A. and may not exceed 7.5% of gross profit.

Annual targets (KPIs) are set at the Annual General Meeting of Shareholders to approve the previous financial year.

**The eligibility conditions** for the annual payment of the variable component of the remuneration take into account:

1. Individual performance, both in terms of annual targets (KPIs) and overall Company performance.
2. Operational (non-financial) performance.
3. Overall results on social responsibility.

Performance evaluation is carried out within a multi-year framework to ensure that the evaluation process is based on long-term performance results.

**The qualitative criteria** taken into account in determining the variable component taken into account are:

| | |
|---|---|
| Key qualitative criteria used to | – Implementing the business strategy<br>– Efficient asset management<br>– Implementing an effective corporate governance system |

| | |
|---|---|
| measure performance | – The degree to which investment plans are achieved in line with business development objectives |

**The quantitative criteria** taken into account when determining the variable component taken into account are:

| | |
|---|---|
| Basic quantitative criteria used to measure performance | – Increased income<br>– EBITDA growth<br>– EBITDA margin<br>– Gross profit<br>– Net profit margin<br>– ROE/ROA |

* The quantitative and qualitative criteria mentioned above are not exhaustive and may be supplemented with others relevant to the current economic cycle, in accordance with the legitimate short and long-term interests of the company, the provisions and premises of the construction of the income and expenditure budget, at the proposal of the Board of Directors and with the approval of the General Meeting of Shareholders. Annually, the General Meeting of Shareholders, on the proposal of the Board of Directors, approves the indicators for the current financial year.

## Ratio between fixed and variable remuneration

The total annual remuneration consists of a fixed and a variable component. The variable component may not exceed 100% of the total gross fixed annual remuneration. The basic component (fixed remuneration) represents a sufficiently large proportion of the total remuneration which gives the Company full flexibility in terms of the policy on the award of the variable component.

The variable component of the remuneration payable to Directors and Executive Directors will be directly proportional to the total annual degree of achievement of each indicator for the corresponding financial year or part of the corresponding financial year.

The total degree of achievement of the key performance indicators set for each financial year is the sum of the degree of achievement of each indicator, weighted by the weighting coefficient:

| | |
|---|---|
| Executive Directors | 60% quantitative criteria<br>40% qualitative criteria |
| Members of the Board of Directors | 75% qualitative criteria<br>25% quantitative criteria |

Variable remuneration is awarded on 100% achievement of set targets. The General Meeting/Board of Directors may decide, on a justified basis and in compliance with the principles of fairness and pay for performance, to grant variable remuneration in whole or in part to directors/managing directors with a mandate contract, for a level of achievement of the set objectives which may not be less than 80%.

**Payment of the variable component**

Variable remuneration is usually paid once a year and depends on the achievement of quantifiable KPIs set for the individual at both Company level and function-specific level through the management contract or mandate contract.

In order to provide long-term incentives and motivation and in full accordance with the Company's sustainability principles, variable remuneration payments for the performance of executive directors and members of the Board of Directors will be paid on a multi-year basis.

Thus, 60% of the variable remuneration will be paid annually after the end of each financial year, following approval of the amounts by the O.G.M.S., with the remaining 40% being deferred (retained) until the end of the contract.

Any variable remuneration (short and long term incentive schemes) is subject to shareholder/and where applicable Board member discretion (adjustment before payment) and clawback (recovery of remuneration already paid) if the company's financial statements need to be adjusted due to conduct that is contrary to the company's interest and if such adjustments affect the amount of variable remuneration; or if the performance criteria that apply to incentive schemes and performance levels have been manipulated; or if the individual's conduct violates employment or labour law, the company's code of conduct or ethical standards.

**Share-based remuneration**

ÎIn strictly determined cases and in compliance with the applicable legal framework, the Company may grant a share-based remuneration with the establishment of the periods during which the right to allot shares exists, the schedule of allotment periods, the periods of unavailability after allotment.

The long-term, equity-based incentive (motivation) plan is intended to provide attractive compensation levels for continued high performance, as well as serve as a retention measure.

**Contracts of the leaders**

The duration of the management and mandate agreements is, as a rule, a maximum of 4 years with the appropriate application of the provisions of the Company's Articles of Association. The duration of the contracts, agreements and notice periods applicable to the main features of the supplementary pension or early retirement schemes (where applicable), as well as the conditions for termination of the contracts and the payments related to termination, are laid down in the contracts.

The approved financial and non-financial performance indicators are elements against which the variable component of the remuneration is determined. Remuneration and benefits granted to the members of the Board of Directors and the executive directors with mandate contract, as provided for in the management/ mandate contract, will be recorded in the audited annual financial statements of the year following the financial year for which they are approved (*and in the annual report of the Remuneration Committee*) and in the Report of the Board of Directors.

Benefits for executive directors and members of the Board of Directors may be granted according to the contracts and include facilities for the execution of the mandate (access to mobile communications, remote communication means and tools, means of transport, etc.).

Payment of professional liability insurance is borne by the Company and is not part of the remuneration.

**Review of the Remuneration Policy**

The remuneration policy shall be reviewed at least every 4 years, or whenever significant changes are required. The review process shall describe the significant changes and how shareholder votes and views on the remuneration policy have been taken into account.

**Exceptions to the Remuneration Policy**

In exceptional circumstances, the Company may temporarily deviate from the remuneration policy, in which case all stakeholders will be informed of the objective reasons for the deviation and the elements from which the deviation may be made. These exceptional circumstances relate only to situations where a deviation from the remuneration policy is necessary to serve the long-term interests and sustainability of the issuer as a whole or to ensure its viability.

**Remuneration report**

The Company prepares a clear and understandable remuneration report that provides a comprehensive overview of remuneration, including all benefits, in whatever form, granted or due during the last financial year to individual executives, including new recruits and former executives in accordance with the remuneration policy.

The remuneration report shall be submitted to the vote of the Ordinary General Meeting of Shareholders, together with the approval of the financial statements, each year, starting from the year following the year of approval of the remuneration policy, the opinion of the shareholders resulting from the vote being of an advisory nature, and shall be available on the issuer's website for a period of 10 years.