



## REMUNERATION POLICY OF ELECTRO - ALFA INTERNATIONAL S.A.

### 1. General aspects

This remuneration policy (the “**Remuneration Policy**”) applies to the managers of Electro – Alfa International S.A., a company registered with the Botoșani Trade Register under no. J1994001310079, Unique Registration Code 7348194, having its registered office located at Calea Națională, Nr. 15, Botoșani, Botoșani County, Romania, having a subscribed and paid-up share capital of RON 47,136,076.75 (hereinafter referred to as the “**Company**”).

This Remuneration Policy has been developed in order to comply with the provisions of art. 106 of Law 24/2017 on issuers of financial instruments and market operations, republished, as subsequently amended and supplemented (“**Law 24/2017**”), as well as in order to implement good corporate governance practices.

The rights granted prior to the approval and implementation of this Remuneration Policy are not affected by its provisions and remain valid according to the initial terms of grant.

The Remuneration Policy applies to the members of the Board of Directors of the Company (the “**Board of Directors**”), as well as to the managers with delegated powers from the Board of Directors and who have a mandate contract with the Company.

### 2. Principles of the Remuneration Policy

#### 2.1. To contribute to the successful implementation of the Company’s strategy

The Remuneration Policy is designed to support the Company’s strategic objectives, encouraging operational performance, financial discipline and medium and long-term development.

#### 2.2. To support the sustainable development of the Company

The remuneration aims to create a framework that stimulates the development of skills, the retention of key talents and the consolidation of a high-performing organization, capable of supporting the sustainable growth of the Company.

#### 2.3. To ensure that the interests of management are aligned with those of shareholders

The remuneration structure is defined in such a way as to promote the creation of value for shareholders and encourage responsible decisions, in line with the Company’s long-term objectives.

#### **2.4. To ensure proper shareholder engagement and robust governance**

The Remuneration Policy is subject to approval by the Ordinary General Meeting of Shareholders (“OGMS”) and is implemented and monitored based on clear corporate governance principles, ensuring transparency and decision-making accountability.

#### **2.5. To promote the Society’s mission and values**

The remuneration is aligned with the Company’s organizational culture and values, encouraging integrity, professionalism, results-oriented and responsibility in carrying out the activity.

#### **2.6. To prevent and manage conflicts of interest**

The remuneration structure and mechanisms are established in such a way as to avoid situations of conflict of interest and to ensure decision-making in the interest of the Company.

#### **2.7. To provide a balanced, flexible and performance-oriented framework**

The Remuneration Policy allows for the adequate remuneration of the members of the Board of Directors and managers, depending on their responsibilities, skills and performance, while ensuring a balance between the fixed and variable components.

#### **2.8. To support financial prudence and risk management**

The remuneration is correlated with the Company’s risk profile and does not encourage excessive risk-taking, being aligned with the Company’s financial capacity and stability objectives.

#### **2.9. To ensure legal compliance and best practices**

The Remuneration Policy complies with applicable legal requirements and reflects recognized standards of corporate governance and transparency.

#### **2.10. To be aligned with the remuneration and conditions of employment applicable at the level of the Company**

The Remuneration Policy is prepared and reviewed periodically by the Nomination and Remuneration Committee with regard to the remuneration aspects applicable to the Company’s wider employee base, in order to ensure fair and equitable remuneration levels at all hierarchical levels of the Company, which increase the attractiveness of the Company as an employer and motivate employees and management alike.

### **3. Internal management structures and remuneration framework**

Within the Company, the Nomination and Remuneration Committee is responsible for developing and reviewing the Remuneration Policy, and the Board of Directors is responsible



for maintaining the Remuneration Policy, as well as monitoring its implementation, in order to ensure its efficient operation and in line with the Company's strategic objectives. The Remuneration Policy, as well as any subsequent amendment thereto, are subject to the approval of the OGMS.

At the level of the Company, management is provided by a Board of Directors and managers, and the remuneration levels are established broken down for the members of the Board of Directors (executive or non-executive) and for the manager. If a director is also an (executive) member of the Board of Directors, the remuneration for the two positions is cumulated.

The remuneration structure of the members of the Board of Directors and managers of the Company is made up of a fixed component, a variable performance-based component and, where applicable, benefits.

The fixed component is determined according to the role and responsibilities related to each position, the level of complexity of the activity carried out, as well as the professional experience and skills necessary for the exercise of the mandate.

The variable remuneration is determined mainly according to the financial performance of the Company, reflected by relevant economic and financial indicators, being correlated at the same time with individual and collective performance, as well as with the strategic objectives set. It is granted on the basis of transparent criteria and procedures, which take into account the sustainability of the activity, prudent risk management and the available resources of the Company at the time of granting.

No contribution to pension plans (other than those provided for by applicable law) will be paid to members of the Board of Directors and/or managers.

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

The members of the Board of Directors benefit from a fixed component and a variable component, the levels of which are approved by the OGMS, on the recommendation of the Nomination and Remuneration Committee. The variable component is set at a reasonable and competitive level, enabling the attraction and retention of qualified persons, in accordance with the market conditions in which the Company operates.

##### **4.1. Fixed remuneration**

The members of the Board of Directors are entitled to a fixed monthly allowance related to the activity carried out within the Board of Directors and its committees.

The members of the Board of Directors will be remunerated by a fixed monthly allowance, in the maximum amount of RON 34,957 gross (the equivalent of approximately RON 20,000 net). The specific level of fixed remuneration for each member of the Board of Directors is approved



by the OGMS resolution, on the recommendation of the Nomination and Remuneration Committee. The allowance is paid monthly, by bank transfer, to the account indicated by each member, in RON.

The members of the Board of Directors benefit from a D&O (Directors and Officers Liability Insurance) insurance, in accordance with the applicable legal provisions.

At the same time, the members of the Board of Directors benefit from professional training and continuous development programs, within the limit of an annual budget of up to RON 20,000 for each member, in order to maintain and develop the skills necessary for the exercise of the mandate.

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

#### **4.1. Variable remuneration**

At the proposal of the Chairman of the Nomination and Remuneration Committee, depending on the activity carried out, the members of the Board of Directors may benefit from a variable annual bonus between 0 and 6 monthly allowances. The granting and amount of the bonus for each member of the Board of Directors is subject to the approval of the OGMS.

At the same time, the executive members of the Board of Directors may be granted a variable remuneration in the form of options granted in accordance with the stock *option plans*, as these programs will be approved by the OGMS.

### **5. REMUNERATION OF MANAGERS**

As regards the Company's managers, natural persons to whom the management of the Company has been delegated by the Board of Directors, in accordance with the provisions of art. 143 of Law 31/1990 on companies, they carry out their activity under a mandate contract.

The remuneration of 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.

#### **5.1. Fixed remuneration**

The fixed remuneration of a manager will be set in such a way as to reflect the role, duties and experience of the person concerned. It is set at appropriate market levels to attract and retain the people necessary to implement the Company's strategy. Fixed remuneration will be assessed on a regular basis to determine whether market conditions require it to change.

The fixed monthly remuneration of each manager is approved by the Board of Directors, at the proposal of the Nomination and Remuneration Committee and within the limits approved by the OGMS, and is provided for in their individual mandate contracts. Managers benefit from a



fixed monthly allowance, in a gross amount of up to RON 98,000 (ninety-eight thousand), payable 12 times a year. The remuneration is paid monthly, by bank transfer, to the account indicated by each manager, in RON. The level of the annual fixed component is reflected in the remuneration ratio.

Managers benefit from Directors and Officers Liability Insurance (D&O) insurance, in accordance with the applicable legal provisions.

The managers benefit from professional training and continuous development programs, in order to maintain and develop the skills necessary for the exercise of the mandate.

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

## **5.2. Variable remuneration**

Variable remuneration is the component of remuneration granted to managers based on individual and collective performance, being designed to align their interests with the Company's short, medium and long-term objectives, as well as with the interests of shareholders.

Variable remuneration is granted based on clear, measurable and predefined performance criteria, established annually by the Board of Directors, at the proposal of the Nomination and Remuneration Committee, within the general limits approved by the OGMS.

Performance criteria may include, but are not limited to:

- financial indicators (e.g. EBITDA, net profit, revenues, cash flow);
- operational indicators (e.g. operational efficiency, achievement of budget, implementation of strategic projects, OTD);
- non-financial indicators (e.g. sustainability, corporate governance, customer satisfaction);
- individual objectives specific to the position held.

Variable remuneration may include both a monthly variable component, granted according to current performance, and a component in the form of an annual bonus, determined on the basis of the achievement of the performance objectives set at the level of the Company and/or individually.

Variable remuneration may also consist of options granted in accordance with stock *option plans*, as these programs will be approved by the OGMS. In all cases, the Company's shares and/or stock options must represent a significant part (not less than 10%) of the total variable remuneration of the members of the executive management.



The value of the variable remuneration is established according to the degree of fulfillment of the performance indicators and can vary between 0 and a maximum ceiling established by the mandate contract, within the general limits approved by the OGMS, and can reach up to a number of 36 fixed monthly remunerations. Exceptionally, in the event of outstanding results or significant exceedances of performance indicators, this limit may be exceeded, with the prior approval of the Ordinary General Meeting of Shareholders (OGMS)

The Company, at the initiative of the Nomination and Remuneration Board, may apply variable remuneration adjustment mechanisms, by deferring or partially or totally reducing the amounts due to the manager in question (including malus or clawback clauses), in justified situations, such as material errors in financial reporting or subsequent failure to meet performance conditions.

The variable annual remuneration of the managers will be granted only to the extent that the performance objectives are met and is approved by the Board of Directors, at the proposal of the Nomination and Remuneration Committee.

The level of variable remuneration granted annually is transparently presented in the Company's remuneration report.

## **6. MANDATE CONTRACTS**

The terms of office of the members of the Board of Directors have a duration of four years, with a notice period of 30 days. They can be exercised only after the approval of their appointment by the OGMS resolution in which they were elected and after the signing of the mandate contracts.

In the event of the appointment of a member of the Board of Directors to a vacant position of director, the newly elected member of the Board of Directors shall take over the term of office for the remainder of the term of office of his predecessor, which may not exceed the term of office of the other directors.

The mandate contracts of the members of the Board of Directors may be terminated by the Company, as a result of revocation by the OGMS, or by the members of the Board of Directors, in accordance with the applicable legal provisions. In the event of revocation by the OGMS of the mandate, except in cases where there is a fault of the members of the Board of Directors, the members of the Board of Directors may benefit, under certain conditions, from compensation at the end of the mandate, in the amount of up to 3 fixed monthly remunerations.

The terms of office of managers have a duration of up to 4 years, with a notice period of 90 days. They can be exercised only after the approval of their appointment by the Board of Directors and after the signing of the mandate contracts.

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

The Remuneration Policy is subject to the approval of the OGMS. The Nomination and Remuneration Committee develops the Remuneration Policy, and the Board of Directors endorses it and submits it to the OGMS for approval. Once approved, the Remuneration Policy becomes applicable and binding. In case of non-approval, the Board of Directors will continue to apply the existing policy and will propose a revised version for approval in the next OGMS. The Remuneration Policy is subject to the vote of the OGMS whenever significant changes occur and, in any case, at least once every 4 years.

## **8. EXCEPTIONS**

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

- modification of the compensation structure, exceeding the threshold indicated in the Remuneration Policy;
- the possibility to adjust the financial and non-financial performance criteria (including any relevant performance periods) for the granting of variable compensation, as well as the timing of entitlement;
- in case of hiring people who come from other companies, it may be necessary, in the given circumstances, to grant additional cash amounts or compensations consisting of shares to compensate for the loss of incentives/bonuses when leaving the current employer; and
- above-market levels of remuneration may be granted in order to attract or retain individuals who are considered indispensable in the implementation of the Company's strategy.

All exceptions/deviations will be aligned with the main objectives of the Remuneration Policy. Exceptions/deviations will be subject to the approval of the OGMS.