



## REMUNERATION POLICY OF SAFETECH INNOVATIONS SA

### PREAMBLE

- **This Directors' Remuneration Policy** (hereinafter referred to as the "**Policy**") establishes the terms and conditions **of the remuneration of the members of the management bodies** of **SAFETECH INNOVATIONS SA**, registered with the Trade Register attached to the Bucharest Court under no. J2011003550405, unique registration code 28239696, with registered office at Strada Frunzei no.12-14, floors 1 and 2, District 2, Bucharest, Romania, having a subscribed and paid-up share capital of 32,543,530.60 lei. (hereinafter referred to as the "**Company**" / "**Safetech**").
- **According to art. 106 of Law no. 24/2017** on issuers of financial instruments and market operations, as subsequently supplemented and amended, listed companies must submit to the shareholders' vote a Remuneration Policy for the Company's managers (defined as members of the Board of Directors or Managers of the company, within the meaning of Law 31/1990 on companies), upon any significant change.
- **According to art. 94, letter (b) of Law no. 24/2017** on issuers of financial instruments and market operations, with subsequent additions and amendments, **director means** *"any member of the board of directors, as well as any director, in the case of the unitary management system, respectively any member of the supervisory board, as well as of the directorate, in the case of the dual management system, according to Law no. 31/1990, including in all cases in which he has been appointed, the general manager and, if this position exists, the deputy general manager"*
- **According to the Company's Articles of Incorporation**, the company is managed by a Board of Directors, consisting of 3 members, the majority of whom do not have executive powers, and by a Chief Executive Officer, appointed by the Company's Board of Directors.
- **The proposals submitted for shareholders' analysis and approval** by the General Meeting of Shareholders were based on the provisions of Article 106 of Law No. 24/2017 on issuers of financial instruments and market operations, the recommendations issued by the Financial Supervisory Authority (A.S.F.) in this matter, as well as the Bucharest Stock Exchange's corporate governance code.
- **The company will pay the remuneration** of the members of the Board of Directors only in accordance with a Policy submitted for shareholder approval at a General Meeting of Shareholders (AGA).
- **Derogations from the Policy are possible**, but the circumstances in which they occurred must be explained in detail. These deviations from the policy must be related to achieving long-term objectives and/or actions aimed at protecting the interests of the company and/or its shareholders.
- The Remuneration Policy for Directors will be periodically reviewed and submitted for shareholder approval during the Ordinary General Meeting of Shareholders whenever significant changes occur and, in any case, **at least once every four years**. This ensures that the Policy contributes to the company's business strategy, as well as its long-term sustainability and interests, including the necessary explanations in this regard.



## **I. Objectives and Principles**

The remuneration policy has been designed to contribute to the issuer's business and operational strategy, as well as to its economic stability and long-term interests, while including the necessary explanations in this regard.

The objectives of the policy are based on the goals set by the company's management. The primary objective of the management is to maximize the company's value (the value delivered to its shareholders), which is measured through the company's market capitalization.

Given that, at present and in the medium term, the issuer intends to maintain its current dividend policy—summarized as "introducing a hybrid model in which part of the profits will be capitalized, and shareholders will receive bonus company shares, while another part will be distributed as cash dividends, thus achieving a fair balance between allowing the company to grow and rewarding shareholders"—the company's capitalization remains one of the best indicators of the value delivered to shareholders by the management and the board.

In principle, the management aims to align the interests of shareholders with those of the leadership, ensuring that all parties involved derive equal value from the company's achievements.

Thus, the remuneration policy ensures both the sustainable growth of the company and the long-term alignment of the interests of the organization's members.

## **II. The principles governing this policy are as follows:**

- (i) The remuneration structure is defined separately for the members of the Board of Directors, for the Managers and for the Company's employees, taking into account mainly the existence of individual responsibilities, but also the contractual differences (mandate contract vs. employment contract).
- (ii) The remuneration system of the Company's Managers includes only a fixed component.
- (iii) The Board of Directors' remuneration system includes a fixed component and a variable component based on the granting of shares to the Board of Directors, based on a reward and motivation plan for key personnel, such as a Stock Option Plans (if such a plan is approved at the Company level).
- (iv) The reference values were established based on data regarding remunerations within companies of comparable size in Romania, in the cyber sector, while comparisons were also made with data from other industries (e.g. IT), as well as from other countries within or outside the European Union.
- (v) At the same time, the Company wishes to maintain the level of competitiveness on the labor market and considers it appropriate to provide alternative remuneration for key personnel, based on granting own shares to employees and members of the Company's Board of Directors.



- (vi) The variable component of the additional remuneration based on the Company's own shares under the Stock Option Plan program aims to encourage the members of the Board of Directors to focus on professional activities that add long-term value to the Company, according to its development strategy.
- (vii) At the same time, in order not to create a situation of inequity, the Company does not grant the possibility of participation in Stock Option Plan programs to significant shareholders of the Company, regardless of whether or not they meet the eligibility criteria for participation in such plans.

### **III. Contracts duration, notice periods, termination conditions**

The standard duration of the mandate contracts signed with the Company's managers is 2 years. The notice period will be at least 60 days. The Board members will be entitled to compensation payments in case of termination of the contracts by the Company, without just cause.

### **IV. Possibility to opt out of the policy within one year**

In order to achieve the objective of protecting shareholders' interests and the value of their shares, this Policy acknowledges that it is essential for the Issuer to operate under conditions of continuity and alignment with market practices and conditions. The Policy must not become an obstacle or a hindrance to attracting qualified individuals to the Company. Thus, in exceptional cases, during a given year, the Issuer may deviate from the remuneration policy in cases where ambiguities, inconsistencies, or application difficulties are identified, or if it is found to be misaligned with market conditions. The Policy may also be subject to derogations if it is determined that it could hinder the company's ability to operate under conditions of continuity or performance. In such cases, the remuneration report for the respective fiscal year will include a detailed explanation of the applied derogations and will be submitted for shareholder approval at the first General Meeting held after the end of the fiscal year in which the deviation from the Policy occurred.

### **V. Remuneration, other bonuses and benefits of the Board of Directors**

**The remuneration of the members of the Board of Directors is:**

- (i) 5,000 LEI /month gross for each member of the Board of Directors, except for the chairman;
- (ii) 6,000 LEI/month gross for the Chairman of the Board of Directors.

The payment of the remuneration provided in points (i) and (ii) above is made monthly by electronic transfer, in LEI, to the bank account indicated by the members of the Board of Directors.

**Benefits allowed to members of the Board of Directors, for example:**

- (i) Members of the Board of Directors are entitled to a paid annual leave of 28 working days.
- (ii) Members of the Board of Directors have a laptop and mobile phone at their disposal with all related expenses covered.



- (iii) Safetech will bear the cost of the health care insurance policy and the professional liability policy during the term of office of the directors, in accordance with the regulations in force.
- (iv) The Company will directly pay or reimburse the members of the Board of Directors for all expenses reasonably incurred in connection with transportation, per diem, telephone calls or similar expenses incurred in connection with the fulfillment of the mandate granted, within the limits of the expenses provided for in the Company's annual budget or other specific decisions of the General Meeting of Shareholders.
- (v) Settlement by the Company of other legal expenses incurred by the members of the Board of Directors to defend themselves against a third party claim against them in connection with the performance of their duties under the Mandate Agreement and the Articles of Association, to the extent that they are not already covered by the insurance policy in force at that time.
- (vi) Granting the possibility of participating in the Stock Option Plan Programs, to reward key personnel through options to acquire shares within the Company, carried out in accordance with the provisions of the Resolutions of the General Meetings of Shareholders of Safetech Innovations SA.

## **VI. Remuneration, other bonuses and benefits of Managers**

In the event that the General Manager and/or the other Managers are appointed from among the members of the Board of Directors, the Company will pay an additional, fixed remuneration, compared to that specified in point V above, up to the maximum amount of 21,000 lei.

In the event that the General Manager and/or the other managers do not also hold the position of member/chairman of the Board of Directors, their remuneration will be established by the Board of Directors, in accordance with the provisions of art. 18.3 letter c) of the Company's Articles of Incorporation.

### **Benefits allowed to Managers, for example:**

- (i) Payment of the remuneration provided above is made monthly by electronic transfer, in LEI, to the bank account indicated by the managers.
- (ii) Managers are entitled to 28 working days of paid annual leave.
- (iii) Managers have a laptop and mobile phone at their disposal with all related expenses covered.
- (iv) Safetech will bear the cost of the health care insurance policy and the professional liability policy during the managers' term of office, in accordance with the regulations in force.
- (v) The Company will directly pay or reimburse the managers for all expenses reasonably incurred in connection with transportation, per diem, telephone calls or similar expenses incurred in connection with the fulfillment of the mandate



granted, within the limits of the expenses provided for in the Company's annual budget or other specific resolutions of the General Meeting of Shareholders.

- (vi) Settlement by the Company of other legal expenses incurred by managers to defend themselves against a third party claim against them in connection with the performance of their duties under the mandate contract and the Articles of Incorporation, to the extent that they are not already covered by the insurance policy in force at that time.
- (vii) The person who will hold the position of General Manager/Manager of the Company will additionally benefit from the settlement of expenses related to the representation of the company in accordance with the duties of representing the Company, regardless of whether or not, at the date of appointment, he/she combines the position of member/chairman of the Board of Directors with that of General Manager/Manager of the Company, respectively, he/she will benefit from:
  - Access to a car provided by the Company and settlement of all related expenses.
  - D&O Liability insurance policy paid by the company.