

REPORT
on the implementation of the managers' remuneration policy
TURBOMECANICA SA

The remuneration policy aims to ensure a transparent framework regarding TBM's activity, fair reward and motivation of managers in order to establish a fair remuneration of directors and executive management, ensures the framework of attracting competent and experienced people in TBM's management as well as the balance between performance, resources and objectives of the company.

The company complies with the remuneration principles established in the Remuneration Policy approved by the OGMS of 26.08.2021 but also the applicable legal regulations taking into account and insofar as they are appropriate to its size, internal organization and the nature and complexity of its activities.

The remuneration policy has been applied to all the Directors and Executive Directors (respectively to the General Manager) of the Company, regardless of the date of appointment or the date of termination of the mandate.

This Report has been prepared based on the Remuneration Policy adopted by the company's shareholders correlated with the provisions of the Management Contracts concluded between the Company and the members of the Board of Directors, taking into account the following applicable legal provisions:

- Law no. 24/2017 on issuers of financial instruments and market operations, with subsequent amendments and completions
- ASF Regulation no. 5/2018 on issuers of financial instruments and market operations
- Law 31/1990 on companies, republished, with subsequent amendments and completions
- BVB Corporate Governance Code;
- ROF-TMB - TBM Organization and Functioning Regulation;
- TBM Corporate Governance Regulation.

In the process of implementing the objectives of the remuneration policy, the alignment with the dynamics of the industry, both at national and international level was taken into account as well as ensuring the achievement of the strategic objectives of management and development of the Company.

Period	Change in the medium remuneration of non-executive employees	Change in the medium remuneration of executives	Change in Sales	Change in EBITDA
2017 vs 2016	37%	31%	21.4%	33.7%
2018 vs 2017	35%	24%	11.5%	37.8%
2019 vs 2018	18%	1%	2.3%	-10.3%
2020 vs 2019	9%	8%	8.7%	-23.5%
2021 vs 2020	7%	4%	5.1%	-8.6%

For the reporting period 2020-2021, through the remunerations granted to the members of the Board of Directors and the executive directors of the Company, the aim was to ensure a compatibility of these remunerations with the provisions of the company's internal salary policy and activity but also ensuring the loyalty and stability of the management considering the tasks and responsibilities assigned under the management contract in the context of achieving the operational objectives determined by the Sales Program.

In the period 2020-2021, the Remuneration Committee did not propose or approve long-term incentive components for Directors / members of the Board of Directors.

Regarding the basic remuneration established for the members of the Board, it is based on the role, individual experience, skills and sustained level of performance, reflecting the market practice for similar positions and the adaptation to the needs and priorities of the business.

The company is managed in a unitary system by a Board of Directors consisting of 5 directors (one chairman and 4 members), Romanian individuals appointed by the OGMS for a term of 4 (four) years from the date of appointment, who are eligible for re-election.

The remuneration is established by the shareholders in the OGMS together with the approval of the proposals for the appointment of the members of the Board of Directors and the approval of the management contract.

According to the Company's Constitutive Act, the Chairman of the Board of Directors is also appointed General Executive Director, and his rights and obligations are established under a management contract and in accordance with the present remuneration principles.

For the Chairman of the Board of Directors and the General Executive Director of the Company, the OGMS approved the following remuneration structure:

Remuneration structure	2021 (lei)
Monthly remuneration	480,372
Disability and death insurance	277.27

Mobile phone (% of TBM subscription)	360
Vehicle with driver (estimated values)	206,929

The rights of the General Executive Director based on the Collective Labour Agreement have in view the planning of annual leave and depending on the situation, the social assistance for the death of a family member.

Disability and death insurance is a policy concluded at general level for all employees of the Company, and in case of insured event, depending on it, a maximum value of 50,000 lei is paid.

Regarding TBM's obligations established based on the management contract, we mention the following:

Car with driver:

- for 2020 the obligation from the management contract has been fulfilled, the reported amount including: driver remuneration and vehicle depreciation
- For the year 2021 the obligation from the administration contract has been partially fulfilled, the reported amount no longer includes the expense with the driver, the position being vacant; In 2020, the revaluation of fixed assets was carried out, in which the value of the car was also revalued. Following the report, its carrying amount a grown. We mention that on 31.12.2021 the car is completely depreciated.

Insurance:

- TBM has not concluded a specific insurance policy for disability and death having as beneficiary the General Executive Director.

All the members of the Board of Directors received during 2020 and 2021 a fixed monthly remuneration established by the management contract. The remuneration is calculated monthly in the amount of 20% of the remuneration of the Chairman of the Board of Directors in the total amount of 96,096 lei for the year 2021 (93,388 lei for the year 2020) and equal for all the members of the Board of Directors. The remuneration of the Chairman of the Board mentioned above represents the amount paid to him in consideration of all the attributions that in the specific situation of TBM are fulfilled by the Chairman of the Board of Directors who cumulates this position and with the position of Executive General Manager of the Company.

The company reimbursed the expenses related to the transport for the members of the Board of Directors who are not domiciled in Bucharest (Mr. Radu Sarbu) as follows:

	2021	2020	(lei)
Transport	802.44 lei	670 lei	

During the reporting period 2020-2021, the Company did not pay the daily allowance or accommodation for the members of the Board.

During 2021 the structure of the Board of Directors of the Company underwent changes. The mandate of Prof. Grigore Florescu ended with his death, so that the total remuneration paid to him during 2021 was 8,500 lei.

At the OGMS of April 27, 2021, a new member of the Board of Directors, Mr. Havrileț Niculae, was appointed for a term of 3 years, continuing the duration of the terminated mandate, a member with whom the Company concluded a management contract under which he received in 2021 a total remuneration of 64,040 lei.

During the reporting period 2020-2021, the members of the Board of Directors did not receive any other remuneration or incentives except for the monthly remuneration.

The employees and management of the Company do not benefit from a specific / personalized pension plan based on the provisions of the CCM, other than those provided in the legislation on social insurance and pensions so that no other such amounts for this purpose have been paid.

In the reporting period 2010-2021, there were no members of the Board of Directors who would have performed additional duties beyond their normal responsibilities as a member of the Board of Directors, so that in relation to the activity carried out, no short-term incentives, called “awards”, were granted for this type of additional activities.

In order to recognize the achievement of TBM's annual business goals and objectives in the context of the long-term business strategy of ensuring business continuity and related to the fulfilment of the aspects of financial performance, strategic performance and individual performance within TBM, short-term incentives were granted. To the General Manager in a total amount of 1,724,540 lei for the year 2021 (1,752,153 lei for the year 2020), analysed in relation to the achievements in 2019 and 2020, respectively, based on the analysis and evaluation carried out by the Remuneration Committee.

Until the reporting date, the Remuneration Committee did not hold the evaluation meeting, as a result, the short-term incentive was not proposed for the approval of the Board. The company estimated an incentive comparable to 2021.

The performance objectives based on which the short-term incentives were established were:

- Ensuring the achievement of financial objectives in proportion of at least 60%;
- Ensuring the achievement of TBM strategic objectives in terms of sustainability;
- Personal contribution to the development of business relationships and attracting opportunities;
- Ensuring the continuity of the activity;

During the analysed periods, the following concrete aspects related to the performance objectives provided in the remuneration policy detailed above were taken into account, as follows:

- i. The increasing trend of the Company's turnover in the context in which a significant part of the expenses that were the basis for the decrease of the result were made in order to ensure the sustainability of the future activity and, as the case may be, the improvement of aviation quality management standards.
- ii. The efforts made through the meetings and meetings with the decision-makers in order to ensure the estimates of medium-term maintenance works and to ensure the representativeness of TBM through the experience and the respect recognized by the discussion partners.
- iii. Increasing the importance of actions with an impact on social and environmental responsibility in the sense of making investments that ensure the reduction of the impact on the environment and the satisfaction of the local community.
- iv. Identifying and supporting the development direction of the Company in order to reduce the dependence on the military market and penetrating the civil aviation market.
- v. Ensuring compliance of the TBM quality and environmental management system with the requirements of Regulation (EU) No 1321/2014, Annex II, Part 145.
- vi. Starting the reorganization works of the engine maintenance spaces in order to prepare the compliance with the European reference standards in civil and military aviation Remuneration Policy art. 8.2.
- vii. the success in organizing, planning and managing the health crisis situation caused by Covid 19 so that the Company will be able to honour its contract obligations and implicitly increase the economic resilience with minimal impact on the Company's activity.

To this end, the Remuneration Committee has analysed the business performance in consideration of the objectives and values set in relation to the data sources which may include audited financial figures, key performance indicators with available tracking, as well as any relevant internal evaluations. The performance for any qualitative matrix will be at the discretion of the Board, in terms of executive management, with the approval of the OGMS if necessary.

All these short-term incentives were also approved by the Board of Directors by decisions no. 141 / 25.02.2021 and 134 / 24.02.2020.

Considering the provisions of the Remuneration Policy approved by the shareholders on the EGMS of August 2021 for granting all incentives and remunerations and the evaluation of the

activity, the performance indicators were also taken into account in terms of quantity (financial indicators) and qualitative (indicators non-financial), as follows:

- fulfilling in a significant proportion the economic performance objectives of the Company;
- involvement in fulfilling the business strategy;
- the realization of the approved budget in a significant proportion during the years 2020 and 2021
- undertaking steps to ensure the continuity of the activity;
- ensuring the implementation and continuous improvement of the policies applicable at the level of the Company;
- the contribution of the decisions taken to the general performance of the Company;

Clarifications related to the drafting of this Report:

The Remuneration Committee did not identify or take into account any conflicts of interest under the terms of the Remuneration Policy art. 8.2.

During 2021, there were no deviations from the Remuneration Policy

The Board of Directors did not propose extraordinary compensation during 2020 and 2021.

During 2021, there were no deviations from the Remuneration Policy

CA did not offer extraordinary compensation during 2020 and 2021.