

**REMUNERATION POLICY**

**MED LIFE S.A.**

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## I. INTRODUCTION

### **Legal Framework**

In order to comply with the provisions of Article 106 of Law no. 24/2017 on issuers of financial instruments and market operations and the Corporate Governance Code of the Bucharest Stock Exchange, Med Life S.A. (hereinafter referred to as „**MedLife**” or "**the Company**") has approved and published the Policy on the Remuneration of its directors and executives (hereinafter referred to as the „**Remuneration Policy**”).

When drafting this document, the recommendations contained in the document issued by the Romanian Investor Relations Association entitled Remuneration Policy. Implementation Guide were taken into account.

### **Scope**

The purpose of this Remuneration Policy is to establish a set of clear and transparent rules that the Company will follow with regard to the remuneration of its Executives, in order to ensure an adequate and competitive remuneration system that attracts, retains and motivates competent and experienced individuals within its management.

The Remuneration Policy aims to stimulate Executives to improve the Company's short-term results, as well as to consolidate and position itself in the market in a way that ensures stability and long-term sustainability, by discouraging risky or inappropriate behavior in relation to MedLife's long-term strategy and the interests of investors.

Remuneration components will be balanced to ensure both adequate compensation and benefits and incentives that provide Executives with a sense of financial security at the family level and allow them to dedicate their attention and focus as much as possible to their leadership/supervision duties for the Company.

### **Scope of application. Transitional provisions.**

The remuneration policy applies directly to the members of the Board of Directors of the Company and to persons who hold the position of Director.

The remuneration policy is developed by the Board of Directors upon the recommendation of the Nomination and Remuneration Committee and approved by a resolution of the General Meeting of Shareholders.

The Board of Directors ensures the implementation of the provisions of the remuneration policy.

The remuneration policy applies immediately from the date of approval by the General Meeting of Shareholders with respect to any mandate contract concluded after that date with persons who hold the position of Company Directors.

Mandate contracts currently in force will be executed in accordance with the contractual provisions agreed by the parties, unless the Director agrees to conclude an additional agreement to the mandate contract to implement all the provisions and principles of this Remuneration Policy.

## **II. DEFINITIONS**

Within the meaning of this Remuneration Policy, the terms and expressions below shall have the following meaning:

- *Articles of Association* – The articles of association of MedLife;
- *Director* – member in the Board of Directors of MedLife;
- *Executive director* – individual that holds, at the same time, the position of director and that of Manager of the Company;
- *Non-executive director* – individual that holds the position of director and does not hold, at the same time, the position of manager of the Company;
- *Board* – the Board of Directors of MedLife;
- *The Executive Committee* – the corporate structure that comprises the Managers;
- *Manager* – individual to whom was delegated the management of the Company, by the Board of Directors and who has concluded with the Company a mandate agreement. The term “manager” also includes and refers to the term of General Manager;
- *MedLife or the Company* – the Company Med Life SA.

## **III. MANDATE AGREEMENTS**

### **Directors’ agreements**

MedLife concludes mandate agreements with Administrators for a period of four years, or, if the General Meeting of Shareholders (GMS) determines a different duration, for a period equal to the duration of the mandate granted by the GMS.

In the event that an Administrator is appointed following the vacancy of a position on the Board of Directors, the mandate agreement will be concluded only for the remaining duration, from the moment of their appointment to the vacant position until the end of the predecessor's mandate.

In the event of the revocation of an Administrator in accordance with Article 1371 (4) of the Companies Law, resulting in the termination of the mandate agreement, the mandate agreement will provide for the Company's obligation to pay the Administrator, at the time of termination in this manner, an amount representing the value of up to 3 (three) monthly fixed remunerations.

The mandate agreement will provide for a notice period of 3 (three) months in the event that the Administrator intends to resign from the mandate.

In the event that the mandate agreement is terminated due to the Administrator's fault (i.e. non-performance of contractual and/or legal obligations), no compensation is paid upon termination of the mandate agreement.

### **Managers' agreements**

Between MedLife and Managers, management agreements are concluded. The Managers are part of the Executive Committee, according to the provisions of the Company's Articles of Association.

The management agreement is concluded for a period of four (4) years.

The management agreement will provide for a notice period of 2 (two) months, in case the Manager intends to resign from his position.

The Company may unilaterally terminate the management contract by sending a written notification to the Manager, provided that a notice period of 2 (two) months is respected.

In the event that the Company revokes the Manager without just cause, the Management Contracts will include the obligation of MedLife to pay compensation whose amount may be equal to a maximum sum equal to the fixed remuneration for 6 (six) months.

In the event that the termination of the management agreement by the Company is due to the Manager's fault (namely, the failure to fulfill contractual and/or legal obligations), no compensation will be paid upon termination of the management contract.

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

Administrators receive a fixed monthly remuneration, which is established by the General Meeting of Shareholders of MedLife. All Administrators will receive the same remuneration, except for the Chairman of the Board of Directors, for whom the General Meeting of Shareholders may establish a higher fixed monthly remuneration. No additional remuneration will be granted to Administrators holding specific functions within the Board of Directors.

In addition to this fixed component, the following benefits will be provided, in accordance with the provisions of this document and the internal rules applicable within the Company, up to a total net amount limited to the equivalent in RON of EUR 12,500 per year:

- Medical subscription in the MedLife network
- Professional training courses/coverage of study expenses for the Administrator or a first-degree relative
- Subscription or membership fee at a gym/sports club for the Administrator and family members (spouse, children)

With the exception of participation in the public pension system and, implicitly, in the second pillar of the pension system in Romania (i.e. privately administered pension funds), Administrators do not benefit from contributions to optional pension systems.

Administrators are provided with a laptop, phone, car, and their expenses incurred in performing their duties entrusted by the Company are reimbursed, in accordance with the internal rules applicable within MedLife.

#### **V. REMUNERATION OF THE MEMBERS OF THE EXECUTIVE COMMITTEE**

The remuneration of the Managers is established by the Board of Directors of the Company and will include a fixed monthly component and one or more variable components.

The variable component will not exceed 30% of the total annual financial remuneration granted to each Director.

Within the variable component, the short-term incentive component will not exceed 50% of the total variable component.

#### **Fixed monthly compensation**

It will be established for each Manager individually, depending on:

- relevant professional experience
- organizational responsibility
- complexity of duties
- comparative level for similar positions in the market, the specificity of the company, and similar listed entities
- the general remuneration framework in MedLife, so as to avoid situations where employees who do not hold the position of Manager receive significantly higher remuneration than the Managers

The fixed monthly compensation of any Manager shall not exceed the level of fixed monthly compensation granted to the CEO.

Between the minimum and maximum compensation paid to MedLife Managers (excluding the CEO's remuneration), there shall not be a difference greater than 30%.

### **Variable compensation**

Variable compensation will include a short-term incentive component, which may be granted for each financial year in the form of a one-time annual payment (performance bonus) and a long-term incentive component, consisting of the grant of MedLife shares.

### **Short-term incentive component**

It will be established as a fixed amount (up to 15% of the total annual fixed remuneration for one year) which can be awarded, in whole or in part, based on an objective evaluation of the achievement of predetermined objectives (key performance indicators) which will be attached to the employment contract.

At least 5 key performance indicators will be established for each Manager, of which at least two are non-financial, each indicator may have a different weighting in determining the overall degree of objective achievement.

In addition, cases where the short-term incentive component can be adjusted (malus) or returned (claw-back) will be clearly defined.

The short-term variable compensation may be awarded in the amount of 100% in case of reaching a predetermined overall level of objective achievement, or partially, proportional to the percentage of their achievement.

To award the short-term incentive component, a minimum overall threshold of objective achievement will be set below which the performance bonus will not be awarded.

The Board of Directors may reasonably decide to exclude the short-term incentive component from the remuneration structure for certain Managers' positions.

The short-term incentive component aims to ensure that each Manager is directly co-interested in achieving the Company's short-term objectives and stimulates the fulfillment of their duties at a higher quality level, with their direct involvement to achieve targets.

### **Long-term incentive component**

The Long-term Incentive Plan, approved by the Board of Directors, will grant MedLife shares to the Managers free of charge, as a form of a grant.

This plan involves a vesting period and predetermined conditions, including performance indicators, that must be met at both the company and individual levels. The shares will be issued by MedLife after the conversion of restricted stock units.

The primary goal of this long-term incentive is to align the Managers's goals with those of MedLife and its shareholders, encouraging sustainable development and interorganizational cooperation, while also ensuring that a significant portion of the Director's compensation is provided through stimulating mechanisms.

### **Other benefits**

Managers are entitled to the following benefits, in accordance with the provisions of this document and the internal rules applicable at MedLife, up to a total net amount limited to the equivalent in RON of EUR 10,500 per year:

- Medical subscription within the MedLife network
- Professional training courses/coverage of study expenses for the Manager or a first-degree relative
- Subscription or membership fee for a gym/sports club for the Manager and family members (spouse, children)

With the exception of participation in the public pension system and, consequently, in Romania's second pillar pension system (i.e. privately managed pension funds), Managers do not benefit from contributions to optional pension systems paid by MedLife.

Managers are provided with a laptop, phone, car, and are reimbursed for expenses incurred in carrying out their duties entrusted by the Company, in accordance with the internal rules applicable at MedLife.

The fixed monthly allowance due to the Executive Managers, for both positions held within MedLife, may be cumulated.

Directors and Managers have concluded a civil professional liability insurance, the costs of which are borne by MedLife having a maximum cumulative value for damages of Euro 5,500,000.



## **VI. REPORTINGS ON REMUNERATION**

Annual reporting of information on remuneration is made by means of the annual financial statements and of the report on application of the Remuneration Policy, which shall be submitted to the advisory vote of the shareholders within the Ordinary General Shareholders' Meeting.

## **VII. DEROGATION**

In exceptional circumstances, when necessary to ensure the viability of MedLife or to serve the long-term interests and sustainability of the Company, the Board of Directors may deviate from the provisions of the Remuneration Policy, subject to the following rules:

- With regard to fixed allowances, deviations may be applied for a maximum period of 6 months, with a maximum variation of 30% from the baseline value and only once during a mandate.
- With regard to variable allowances, deviations may be applied on a case-by-case basis, in cases of exceptional performance by a Director, with a positive impact, by increasing the maximum value of the performance bonus by a maximum of 100%.

The need for deviations will be evaluated by the Remuneration Committee, which will make reasoned proposals to the Board of Directors.

Any deviation will be reported as such in the Remuneration Report.