

REMUNERATION POLICY OF THE MANAGEMENT STRUCTURE OF BURSA DE VALORI BUCUREȘTI SA (THE BUCHAREST STOCK EXCHANGE)

1. PURPOSE AND APPLICABLE LEGAL FRAMEWORK

1.1. Purpose

1.1.1. This Remuneration Policy sets forth the principles governing the remuneration of non-executive directors and managers of Bursa de Valori București.

1.1.2. The Remuneration Policy is based on the following key principles:

- (a) To contribute to the successful implementation of the short, medium and long term strategy of Bursa de Valori București;
- (b) To create the appropriate framework to attract talent and grow the skills needed for the sustainable development of Bursa de Valori București;
- (c) To contribute to the increase of talent retention;
- (d) To ensure the appropriate involvement of shareholders in deciding the remuneration policy and monitoring its implementation;
- (e) To contribute to promoting the mission and values of Bursa de Valori București;
- (f) To prevent conflicts of interests;
- (g) To provide the flexible tools needed to remunerate managers according to their responsibilities, competencies and performance;
- (h) To ensure compliance with the applicable legal framework.

1.2. Applicable legal framework

The present Policy was prepared based on the following laws:

- (a) Companies Law 31/1990, as subsequently amended and supplemented;
- (b) Law 24/2017 on issuers of financial instruments and market operations, as subsequently amended and supplemented.

2. DEFINITIONS

As used herein, the terms below shall have the following meanings:

Non-executive Directors	Members of BSE's Board of Directors who were not appointed as managers in accordance with art. 143 of Companies Law 31/1990 and who perform their activity based on a management agreement.
OGSM	Ordinary General Shareholders Meeting of Bursa de Valori București.
BSE	Bursa de Valori București (The Bucharest Stock Exchange), a joint stock company, Romanian legal entity with registered office in Bucharest, IBC Modern, 34-36 Bd. Carol I, floors 13-14, 2 nd District, Romania, sole registration code 17777754, registered at the Register of Commerce under no. J/40/12328/2005, the shares of which are admitted to trading on the regulated market operated by Bursa de Valori București.
BoD	Board of Directors of BSE.
Advisory Committees	Committees organised within the BoD according to the provisions of art. 140 ² of Law 31/1990.
Remuneration Committee	Advisory Committee organised within the BoD providing assistance to the BoD in relation to making sound remuneration decisions by means of recommendations.
Special Commissions	Special Commissions operating within BSE according to its own regulations.
Managers	Individuals to whom the BoD delegated the management of BSE in accordance with the provisions of art. 143 of Companies Law 31/1990 and who perform their activity based on a mandate agreement. In the case of BSE, the CEO (General Manager) and the

	Deputy CEO (Deputy General Manager) are the only managers for the purpose of Law 31/1990.
BSE Group	BSE and its subsidiaries the financial statements of which are consolidated under BSE consolidated financial statements.
Law 24/2017	Law 24/2017 on issuers of financial instruments and market operations, as subsequently amended and supplemented.
Law 31/1990	Companies Law 31/1990, as subsequently amended and supplemented.
BSE Share Allocation Plan	Share allocation plan approved by the BSE's extraordinary general shareholders meeting of 12 April 2017, as subsequently amended and supplemented by the decisions of the BSE's extraordinary general shareholders meeting of 14.04.2018.

3. SCOPE

This Remuneration Policy applies to all Non-Executive Directors and Managers (namely the CEO and the Deputy CEO) of the BSE, irrespective of appointment date or mandate end date.

4. REMUNERATION OF NON-EXECUTIVE DIRECTORS

4.1. Summary

Fixed cash remuneration	Net monthly remuneration	RON 3,700	<ul style="list-style-type: none"> The net monthly remuneration, as well as the additional remuneration are submitted to the
	Additional remuneration for BoD President (net)	RON 1,850	

	Additional remuneration for BoD Vice-President (net)	RON 740	<p>OGSM for approval on an annual basis; as a consequence, the remuneration policy shall be automatically updated by the BoD with the values approved by the OGSM</p> <ul style="list-style-type: none"> The net additional remuneration for being a member of Advisory Committees / Special Commissions is capped at 50% of the net monthly remuneration
	Additional remuneration for BoD Secretary (net)	RON 370	
	Additional remuneration for member of Advisory Committees / Special Commissions (net)	RON 400 /committee/commission	
Variable remuneration granted as shares	Variable remuneration granted as BSE shares on an annual basis	4 gross monthly remunerations (value of shares allocated annually)	<ul style="list-style-type: none"> The remuneration granted as shares (stock options with zero exercise price) is submitted to the OGSM for approval on an annual basis and subject to meeting certain performance objectives

4.2. Fixed remuneration

4.2.1. Non-executive Directors are entitled to a fixed monthly remuneration for their activity in the BoD and to additional fixed remuneration if they perform other duties in the BoD, Advisory Committees or Special Commissions.

4.2.2. Monthly fixed remuneration in cash

For regular activity in the BoD, each Non-executive Director is entitled to a monthly fixed remuneration the net value of which is approved by the OGSM annually.

4.2.3. Additional fixed remuneration in cash

For carrying out additional duties, the Non-executive Director is entitled to a net additional fixed remuneration, set as quota of the monthly fixed remuneration set forth under 4.2.2., as follows:

<i>Additional duties</i>	<i>Fixed additional remuneration (net)</i>
BoD President	50% of monthly fixed remuneration (net)
BoD Vice-President	20% of monthly fixed remuneration (net)
BoD Secretary	10% of monthly fixed remuneration (net)
Member of Advisory Committees/Special Commissions	RON 400/committee/commission (net) under the condition that all such net additional remuneration for being a member of the Advisory Committee/Special Commission do not exceed 50% of the monthly fixed remuneration (net)

4.2.4. Annual variable remuneration as shares

4.2.4.1. Non-executive directors are entitled to an annual remuneration granted in the form of BSE shares (as stock options with zero exercise price) amounting to four gross monthly fixed remunerations according to the BSE Share Allocation Plan.

4.2.4.2. Non-executive directors may exercise the option to acquire the shares within 12 months from the granting date under the condition to meet certain performance criteria, namely:

- (a) BSE obtained good financial results, with profit being registered; and/or
- (b) any other relevant performance criteria approved by shareholders in the general shareholders meeting.

- 4.2.4.3. The OGSM assesses the extent to which the performance criteria are met and approves the allocation of BSE shares to Non-executive Directors.
 - 4.2.4.4. The maximum number of shares that may be transferred to a Non-Executive Director is calculated as follows: $4 \times \text{fixed gross monthly remuneration} / \text{Price of BSE share (closing price for the BSE share on the business day immediately prior to the date when the option to acquire shares is exercised according to the BSE Share Allocation Plan)}$. If the calculation results in fractions of shares, the number of shares shall be rounded downwards to the closest integer number.
 - 4.2.4.5. The transfer of the shares allocated to Non-Executive Directors is made within a maximum of 3 months from the date when the OGSM approved the allocation.
 - 4.2.4.6. Non-Executive Directors must not dispose of BSE shares allocated according to art. 4.2.4.4 for a period of one year from the acquisition date.
- 4.2.5. The monthly fixed remuneration (in cash), additional fixed remuneration (in cash) and the annual variable remuneration (in shares) are cumulative.

4.3. Other benefits

- 4.3.1. Non-Executive Directors have no other benefits except for the travel allowance that exceeds the maximum limit not subject to tax according to the applicable legal provisions.
- 4.3.2. To perform their assigned duties, Non-Executive Directors are granted mobile phones.

4.4. Pension schemes

Save for the participation in the public pension system and, hence, pillar II of the Romanian pension system (i.e. privately managed pension funds), Non-Executive Directors do not benefit from contributions to optional pension schemes paid by BSE.

4.5. Professional liability insurance

BSE has contracted on behalf of Non-Executive Directors/Managers a professional liability insurance policy of EUR 2,000,000 (maximum indemnity).

4.6. Mandate agreements of Non-Executive Directors

- 4.6.1. The mandates of a Non-Executive Director are granted for a period of four years and may be effective only after their individual validation by the Financial Supervisory Authority.
- 4.6.2. In case of appointing a Non-Executive Director following a vacancy, the newly elected Non-Executive Director takes over the remaining period of the mandate of his/her predecessor, that may not exceed the mandate of the other Non-Executive Directors.
- 4.6.3. Both BSE and the Non-Executive Director have the right to unilaterally terminate the mandate agreement based on a notice period of 10 (ten) days from the notification date.
- 4.6.4. In case the mandate of the Non-Executive Director is revoked for a reason (failing to observe the obligations assumed by the Non-Executive Director), the mandate agreement terminates without the payment of compensations to the Non-Executive Director.

4.7. *Compensations upon the early termination of the mandate agreements of Non-Executive Directors*

In case BSE unilaterally terminates the mandate agreement without such termination being due to the fault (without cause) of a Non-Executive Director, the Non-Executive Director is entitled to a gross compensation equal to the gross value of all fixed remuneration over a period of 12 (twelve) months.

4.8. *Derogations from the Remuneration Policy – Non-Executive Directors*

Without prejudice to the OGSM's right to set the remuneration of Non-Executive Directors annually, no derogations from the Remuneration Policy are allowed with respect to the remuneration of Non-Executive Directors.

5. REMUNERATION OF MANAGERS

This section sets forth the remuneration policy for the CEO and the Deputy CEO (BSE Managers).

5.1. Summary

Fixed remuneration	Monthly fixed remuneration in cash	<ul style="list-style-type: none"> Net monthly remuneration of Managers is approved by the BoD and is included in the individual mandate agreements of the Managers
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Variable Remuneration	Annual variable remuneration in cash	<ul style="list-style-type: none"> The annual variable remuneration of Managers shall be granted only subject to meeting the performance objectives and shall be approved by the BoD considering the total maximum limit decided by the OGSM
	Annual variable remuneration in shares	

5.2. Monthly fixed remuneration

- 5.2.1. Managers are entitled to a monthly fixed remuneration for their activity at BSE. The monthly fixed remuneration is approved by the BoD and agreed with the Managers.
- 5.2.2. The monthly fixed remuneration is set in consideration of the current market practices for similar positions. The value of the monthly fixed remuneration may be reviewed annually by the BoD and agreed with the Managers so as to consider the evolution of market practices for similar positions.
- 5.2.3. The net monthly fixed remuneration may range between EUR 5,000 and EUR 10,000.

5.3. Variable remuneration

Managers' variable remuneration is approved by the BoD annually and is subject to meeting the performance objectives decided by the BoD for the previous financial period.

5.4. Structure and maximum value of the variable remuneration

- 5.4.1. The net variable remuneration for a financial period shall not exceed the total net monthly fixed remuneration for a period of 12 months.
- 5.4.2. The payment of the variable remuneration shall be made as follows:
- 50% in cash; and
 - 50% in BSE shares granted and transferred according to the BSE Share Allocation Plan (following the exercise of stock options with zero exercise price).

5.5. Deferral periods – variable remuneration. Lock up

- 5.5.1. The cash component of the variable remuneration shall be paid in full, within five days from the completion of assessment and approval of the variable remuneration by the BoD.

5.5.2. The shares component of the variable remuneration shall be granted and paid according to BSE Share Allocation Plan.

5.5.2.1. In order to determine the number of shares to be transferred to the Manager, the price considered shall be the closing price for a BSE share on the day immediately prior to the day when the BoD concludes that the performance objectives were met and approves the variable remuneration. If the calculation results in fractions of shares, the number of shares shall be rounded downwards to the closest integer number.

5.5.2.2. If, between the share allocation date and the date of the effective transfer of BSE shares to Managers, corporate actions triggering adjustments to BSE share price are implemented, such adjustments shall determine a change in the number of allocated shares, while the price considered shall be automatically adjusted according to BSE rules.

5.5.2.3. Shares shall be transferred within 12 months from the granting date of the stock options due to Managers as the share component of the variable remuneration.

5.5.2.4. Managers must not dispose of the shares allocated as variable remuneration for a period of one year from the acquisition date (lock-up period).

5.6. Performance objectives in relation to variable remuneration

5.6.1. The variable bonus depends on meeting the performance objectives.

5.6.2. The BoD shall consider the current development of the capital market and BSE short, medium and long term strategy in setting performance objectives such as:

General performance objectives	Financial	Operating Profit
	Operational	Daily average value of trades in financial instruments
		Average market price of BSE shares
		Value of securities lendings
Special performance objectives	<ul style="list-style-type: none"> Implementation of projects related to the infrastructure of BSE or BSE Group 	

	<ul style="list-style-type: none"> • Implementation of objectives aimed at improving the corporate governance and creating synergies within the BSE Group
	<ul style="list-style-type: none"> • Admission to trading on market segments operated by the BSE (new issuers/new financial instruments)

5.6.3. The BoD approves on an annual basis:

- (a) the range of performance objectives serving as condition for the variable bonus being granted for each Manager, including at least (i) two general performance objectives and (ii) two special performance objectives such as the ones listed for reference under art. 5.6.2 or others similar;
- (b) parameters/values of performance objectives;
- (c) weight of each performance objective;
- (d) impact of partially meeting the performance objectives on the variable remuneration.

5.6.4. The general and special performance objectives shall have an equal weight in assessing and deciding the value of the variable bonus due to the Manager.

5.6.5. The maximum value of the variable bonus is granted when the performance objectives are met 100%.

5.6.6. For periods shorter than 12 months by reference to a calendar year, the performance bonus shall be calculated pro rata.

5.6.7. The Remuneration Committee shall assess the extent to which the performance objectives are met, but the results of such assessment and hence the value of the variable annual remuneration shall be approved by the BoD.

5.7. BSE's option to reduce or recover part of the variable remuneration (malus & claw back)

5.7.1. Out of the variable remuneration of the CEO the BSE may deduct amounts of up to 3 (three) monthly fixed remunerations in case BSE is sanctioned by the Financial Supervisory Authority for failure to comply with the provisions of any laws, regulations and statutes applicable to the BSE.

5.7.2. BSE may deduct or recover from the Managers the variable remuneration paid following the assessment of performance objectives based on the financial statements issued by the management

that reflect, in bad faith, inaccurate data on the economic and legal standing of BSE in order to hide the real status of BSE.

5.8. Other benefits

5.8.1. The company makes available to Managers company cars, mobile phones, laptops and any other items necessary to perform their activity.

5.8.2. Managers benefit from a standard medical subscription with a private clinic.

5.9. Pension schemes

Save for the mandatory contribution to the public pension system and, hence, pillar II of the Romanian pension system (i.e. privately managed pension funds), Managers benefit from a contribution of up to RON 150/month to an optional pension scheme managed by an optional pension fund (pillar III) subject to an individual contribution of the respective Manager of minimum RON 50 /month.

5.10. Professional liability insurance

BSE has contracted on behalf of the Managers/Non-Executive Directors a professional liability insurance policy of EUR 2,000,000 (maximum indemnity).

5.11. Managers' mandate agreements

5.11.1. The mandate of the CEO is concluded for a period of 4 years. The mandate of the Deputy CEO is concluded for an indefinite period.

5.11.2. Managers' mandates may be effective only after their individual validation by the Financial Supervisory Authority.

5.11.3. Mandate agreements may be unilaterally terminated by the BSE or Managers with a notice period ranging from 3 (three) to 6 (six) months.

5.12. Compensations upon the early termination of mandate agreements

5.12.1. In case BSE unilaterally terminates the mandate agreements of Managers without such termination being due to the fault of Managers (without cause), the mandate agreements may include provisions on granting gross compensations not exceeding the gross value of all fixed and variable remunerations during a period of maximum 12 months.

5.12.2. The cases in which BSE terminates the agreement for reasons independent from the Managers may include mandate termination following a legal obstacle, an insurmountable impossibility to exert the mandate, a change in control, a merger or retirement. The BoD may set different values of gross compensations for different termination cases, while observing in any case the maximum limit set forth under art. 5.12.1.

5.12.3. In case the Manager's mandate is revoked for a reason (failure to observe the obligations assumed by the Manager), the mandate agreement shall terminate without the payment of damages/compensations to the Manager.

5.13. *Derogations from the Remuneration Policy*

No derogations from the Remuneration Policy with respect to the remuneration of Managers are allowed.

6. DECISION MAKING PROCESS

Three corporate structures within the BSE are involved in the elaboration and approval of the Remuneration Policy, namely:

6.1. *Remuneration Committee*

6.1.1. The Remuneration Committee has an advisory role.

6.1.2. The Remuneration Committee elaborates and reviews the Remuneration Policy by applying its competent and independent judgement regarding remuneration and best market practices and submits it to the BoD.

6.2. *BoD*

6.2.1. The BoD approves the Remuneration Policy or its amendment, as the case may be, that shall be further submitted to BSE shareholders for approval.

6.2.2. The BoD ensures the implementation of the Remuneration Policy.

6.3. *OGSM*

6.3.1. The Remuneration Policy is submitted to the vote of BSE shareholders in the OGSM.

6.3.2. The Remuneration Policy must be approved by BSE shareholders in order to become effective and, hence, implemented.

6.3.3. Moreover, the OGSM sets the remuneration of Non-Executive Directors, as well as the general limits of remunerations granted to Non-Executive Directors and Managers on an annual basis.

6.4. Avoiding conflicts of interest in the decision making process

6.4.1. Potential conflicts of interest in relation to the Remuneration Policy are avoided by:

- (a) Approval of the Remuneration Policy by the OGSM;
- (b) Existence of a Remuneration Committee formed of three Non-Executive Directors out of which two are independent directors;
- (c) The fact that all BoD members are Non-Executive Directors.

6.4.2. In case any person involved in the decision making process considers that he/she has a potential or actual conflict of interest, such a person must refrain from participating in the deliberations and from exercising the voting right.

7. REMUNERATION POLICY AND BSE BUSINESS STRATEGY

We consider that the structure elements of the Remuneration Policy such as the interdiction to sell the shares allocated as variable remuneration (12 months), the set of performance criteria considered by the BoD when setting Managers' objectives, BSE's option to decrease/recover the variable remuneration, the 12-month period between variable remuneration granting date and the date when shares are transferred are meant to ensure the correlation between BSE's Remuneration Policy and its business strategy, sustainability and long term interests.

8. REVIEW OF REMUNERATION POLICY

8.1. Review triggers

The present Remuneration Policy may be reviewed in case any circumstance triggering such revision occurs in the view of BSE's corporate bodies (such as the occurrence of a significant change in the structure of the BSE, its financial performance and/or general operations or the industry in which BSE carries out business).

8.2. Review process

8.2.1. The initiative to review the Remuneration Policy either belongs to the Remuneration Committee or shall be submitted to the Remuneration Committee. The review project shall include a description and an explanation of the changes made to the Remuneration Policy.

8.2.2. Any review of the Remuneration Policy shall consider the feedback of BSE shareholders on the Remuneration Policy, as resulted from the questions asked by shareholders in the OGSM, as well as from the effective debates in the OGSM, as recorded in the OGSM minutes. Moreover, the review, shall contain a report on the last vote in the OGSM in connection to the Remuneration Policy.

8.3. Mandatory review

The Remuneration Policy shall be submitted to the vote of BSE shareholders in the OGSM at least once every 4 years.

8.4. Updating the Remuneration Policy

The BoD may update the Remuneration Policy without having to go through the decision making process described in section 6, respectively the shareholders' approval, in the specific cases included in this Remuneration Policy (such as updating the value of the remunerations approved each year by the OGSM for Non-executive Directors). Updating the Remuneration Policy shall not be construed as a review of the Remuneration Policy.

9. PUBLICITY OF THE REMUNERATION POLICY

After the Remuneration Policy is approved by the OGSM, the Remuneration Policy, along with the date and results of OGSM voting, shall be published on BSE website (www.bvb.ro) and shall be available to the mass audience during the entire validity period of the Remuneration Policy.

10. FINAL PROVISIONS

10.1. The variable remuneration for the performance registered during January 1st 2020-December 31st 2020 shall be granted and paid to Non-Executive Directors and Managers according to the remuneration policy and corporate decisions applicable prior to the approval of this Remuneration Policy, as well as the BoD decisions to be made according therewith.

10.2. The variable remuneration for the performance registered during January 1st 2021-December 31st 2021 shall be granted and paid to Non-Executive Directors and Managers according to this Remuneration Policy and corporate decisions adopted according to this Remuneration Policy.

- 10.3. The BoD is authorised to update accordingly this Remuneration Policy by including the OGSM's decisions on remuneration (such as, but without being limited to, the annual approval of the fixed remuneration of Non-Executive Directors).