



LONGSHIELD
INVESTMENT GROUP

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RENUMERATION POLITICY OF LONGSHIELD INVESTMENT GROUP SA

LONGSHIELD INVESTMENT GROUP S.A. - SOCIETATE AUTORIZATĂ PRIN AUTORIZAȚIA ASF NR. 151/09.07.2021, ÎNSCRISĂ ÎN REGISTRUL A.S.F. CU NR. PJR09FIAIR/400005/09.07.2021 - CAPITAL SOCIAL: 76.110.584,50 LEI, ÎNREGISTRATĂ LA ORC CU NR. J40/27499/1992, CUI: 3168735, CONT BANCAR: RO59BRDE450SV00951424500 B.R.D. - G.S.G. - COD LEI (LEGAL IDENTITY IDENTIFIER) 2549007DHG4WLBMAAO98 - ADMINISTRATĂ DE S.A.I. MUNTENIA INVEST S.A. - AUTORIZATĂ PRIN DECIZIA C.N.V.M. NR. D 6924/17.07.1997, REAUTORIZATĂ PRIN DECIZIA C.N.V.M. NR. 110/13.01.2004, ÎNSCRISĂ ÎN REGISTRUL A.S.F. CU NR. PJR05SAIR/400006/13.01.2004, AUTORIZATĂ CA ADMINISTRATOR DE FONDURI ALTERNATIVE (A.F.I.A.) CONFORM AUTORIZAȚIEI A.S.F. NR. 152/15.11.2024, ÎNSCRISĂ ÎN REGISTRUL A.S.F. CU NR. PJR08.AFIAA/400002/15.11.2024.

1. Introduction

The Remuneration Policy ("Policy") of Longshield Investment Group SA ("the Company" or "the Fund"), a joint stock company established in accordance with Romanian legislation, which represents within the meaning of Law no. 74/2015 on managers of alternative investment funds ("Law 74/2015") and of Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts ("Law 243/2019") an alternative investment fund, and an issuer under Law no. 24/2017 on issuers of financial instruments and market operations ("Law 24/2017").

Longshield Investment Group is an entity supervised by the Financial Supervisory Authority ("FSA").

The Policy was prepared by the Administrator of SIF MUNTENIA SA (currently named Longshield Investment Group SA), acknowledged by the Shareholders' Representatives Council (SRC) of the Company and will be submitted for approval to the Annual Shareholders General Meeting (SGOM) on April 28, 2021, in accordance with Law 24/2017 on issuers of financial instruments and market operations.

In accordance with Law 24/2017, issuers shall submit the remuneration policy to the vote at the ordinary general meeting of shareholders, in the event of any significant modifications and, in any case, at least once every 4 years.

Considering that:

- (i) Longshield Investment Group SA (formerly known as SIF Muntenia SA) is managed by SAI MUNTENIA INVEST SA, in its capacity as Sole Administrator and Alternative Investment Fund Manager ("Fund Manager"),
- (ii) the management contract between Longshield Investment Group and its Fund Manager was approved by the Fund's General Shareholders' Meeting (GSM) on April 23, 2020, and was approved by the ASF in accordance with the Opinion no. 165/22.07.2020, for a period of 4 years ("Management Contract"). In 2023, the Fund's GSM approved the re-election of SAI Muntenia Invest SA as the sole administrator of the Company, which also performs the role of alternative investment fund manager, for a 4-year mandate, and approved the extension of the Management Contract signed on 27.04.2020 for another 4 years, i.e., from 24.04.2024 to 24.04.2028, following the re-election of the sole administrator and the signing of the addendum to the Management Contract, which modifies the duration of the mentioned contract and updates it to the current legal framework,
- (iii) Longshield Investment Group SA has only one employee of its own,
- (iv) The Fund Manager has its own remuneration policy ("Fund Manager Remuneration Policy") in accordance with Directive 2011/61 / EU on alternative investment fund managers and amending Directives 2003/41 / EC and 2009/65 / EC and Regulations (EC) no. 1060/2009 and (EU) no. 1095/2010 ("DAFIA") 2,

this policy primarily reflects the existing commitments with the Administrator, Longshield Investment Group SA, in accordance with the Management Agreement. The Policy is developed with the aim of contributing to the business strategy, long-term interests, and sustainability of the Company. It aligns with and promotes sound and effective risk management, without encouraging risk-taking that is inconsistent with the Company's risk profile, regulations, or articles of association

The administrator, Longshield Investment Group SA intends for this Policy to remain in force until the expiration of its term of office or, unless significant events occur (eg change in remuneration), in which case an updated Policy will be submitted for approval to the SGM.

2. The purpose of Policy

The purpose of this Policy is to establish the corporate governance principles on the remuneration of (i) the Fund Manager and (ii) SRC members, as provided by the legislation in force as well as in the Corporate Governance Code of the Bucharest Stock Exchange (BSE).

3. Criteria

In order to promote the development of corporate governance under best practices conditions and prudent management achievement, considering also that the representatives of the Fund Manager are remunerated in accordance with the Remuneration Policy of the Fund Manager and DAFIA, Longshield Investment Group SA must observe certain requirements underlying the application of the principles of corporate governance related to the remuneration of executive / senior management, as follows:

The remuneration policy shall be drafted by the Administrator, **Longshield Investment Group SA**, but reviewed and adopted by **CRA**, ensuring that it aligns with the Company's business strategy, objectives, and long-term interests, while also including measures to prevent conflicts of interest.;

- CRA ensures that all remuneration commitments are structured properly and responsibly and that the remuneration policies enable and promote effective risk management, without leading to risk-taking that exceeds the regulated entity's risk tolerance level.
- the remuneration level is determined in strict accordance with the responsibilities and commitments associated with the respective duties.

Given that the Administrator, **Longshield Investment Group SA**, has its own remuneration policy, **CRA** considers that the Administrator's **Fund Remuneration Policy** reflects sound remuneration principles, aligning the personal objectives of its employees with the long-term interests of both the **Company's Administrator** and **Longshield Investment Group SA**.

4. Decision making process and governance

In order to comply with the legal provisions in force on corporate governance principles, Longshield Investment Group pays the remuneration to the Administrator and / or SRC members in accordance with a remuneration policy approved by the Annual Shareholders General Ordinary Meeting and in compliance with the Management Agreement. The policy is submitted for approval by the general meeting if any significant changes occur and, in any case, at least every four years. If the annual general meeting of Longshield Investment Group shareholders does not approve the proposed new policy, Longshield Investment Group will continue to pay the remuneration in accordance with the already approved policy and will present a revised policy for approval at the next general meeting, even if it is not an annual general meeting. The revised policy will also include (i) a description of all significant policy changes and how shareholders' votes and views on remuneration policy are taken into consideration, and (ii) a report from the last vote of the general meeting of shareholders on the remuneration policy. Regarding the decision-making process, the following governing bodies are involved in the elaboration, submission for approval, approval and implementation of the Policy.

Shareholders General Ordinary Meeting

- Approves the Policy and any changes thereto;
- Approves the remuneration of the Longshield Investment Group's Administrator and of the SRC members.

The Administrator of Longshield Investment Group

- Presents Longshield Investment Group strategy and management policy for approval by the SGOM.

Shareholders Representatives Council

- represents the interests of Longshield Investment Group in relation to the Administrator;
- verifies the elaboration of the annual program regarding the administration of Longshield Investment Group SA's portfolio;
- analyzes the periodic reports prepared by the Administrator;
- observes the way in which the contractual clauses and the commitments assumed by the Administrator through the management contract and through the administration program approved by Longshield Investment Group SA's SGM are complied with.

5. Remuneration of the Administrator of Longshield Investment Group and of Shareholders' Representatives Council

5.1. Remuneration of the Administrator of Longshield Investment Group

The remuneration method of Longshield Investment Group's Administrator is established according to the Management Contract negotiated with the LONGSHIELD INVESTMENT GROUP Administrator and approved by the shareholders. The current remuneration of the Fund Manager is regulated by the Management Agreement concluded between Longshield Investment Group and the Fund Manager ("Management Agreement").

The price of the management contract is represented by the amount resulting from the application of the management fee consisting of a monthly management fee and a performance fee, determined and paid under the conditions specified below and in accordance with the provisions of the Articles of Incorporation of Longshield Investment Group

The administration fee is determined according to the following formula:

$$\text{monthly management fee} = TA_c \times C$$

Where:

monthly management fee **F** - represents the value of the monthly management fee, calculated on a monthly basis

TA_c - represents the value of the total assets of Longshield Investment Group certified by the depositary for the last working day of the month

C - represents a percentage coefficient. From the date of entry into force of this contract, the value of this coefficient is 0.125%.

The payment of the monthly management fee will be made within a maximum of three business days from the certification by the depositary of the net asset value of Longshield Investment Group.

Depending on the way in which the Administrator meets the performance criteria and objectives established annually by the SGM of Longshield Investment Group through the Management Program and the Revenue and Expenditure Budget, Longshield Investment Group will pay the Administrator a performance fee in accordance with the provisions of the Articles of Incorporation of Longshield Investment Group, calculated as follows:

$$\text{Performance fee} = (\text{Achieved gross profit} - \text{Budgeted gross profit}) \times 10\%$$

Performance fee is an expense for the year for which it is calculated and influences the final gross profit in the financial

statements.

The value of the coefficients used to calculate the performance fees is valid for the entire duration of the contract. The value of the performance fee will be calculated annually, within a maximum of 15 days from the date of concluding the annual financial reporting of Longshield Investment Group. The payment of the performance fee specified in this chapter shall be made within three business days from the registration of the annual financial statements of Longshield Investment Group to the competent authority.

5.1.1. Remuneration of Longshield Investment Group SA employees

Longshield Investment Group has a single own employee with a fixed monthly remuneration related to the minimum wage in the economy, for a part time work schedule (2 hours / day, 10 hours / week), having specific attributions to the cashier position.

All other necessary services are provided by the Administrator of Longshield Investment Group SA through its own employees and contractors.

The SRC considers that the key principles of the Fund Administrator's Remuneration Policy are appropriate, thus:

- (i) they pursue compatibility with sound and effective risk management, promote this type of management, without encouraging risk-taking that does not comply with the risk profile, rules or articles of incorporation of the entities they manage;
- (ii) they seek to mitigate incentive practices that may encourage employees to take unnecessary risks;
- (iii) the remuneration includes the basic remuneration (tariff salary) and may also include a variable remuneration or other benefits.

5.1.2. Remuneration of SAI MUNTENIA INVEST SA, the Administrator's employees

The Board of Directors (BoD) of SAI Muntenia Invest SA appoints an advisory committee composed of 2 members whose role is to consult / assist the Board in establishing / supervising remuneration policies and practices as well as those for nominating and evaluating persons in the management structure, denominated the Nomination and Remuneration Committee (NRC).

NRC structure

NRC members are members of the Board of Directors who do not hold executive positions within SAI Muntenia Invest SA. At least one independent member of the Board of Directors is appointed in the NRC, in the sense that it complies with the principle of independence provided under art. 18 of the FSA Regulation no. 1/2019 on the evaluation and approval of the members of the management structure and of the persons holding key positions within the entities regulated by the Financial Supervisory Authority (Regulation 1/2019).

The NRC structure considers that at the aggregate level it should have sufficient professional competences and experience regarding risk management and control activities, more precisely with reference to the mechanism of aligning the remuneration structure to the risk and capital profiles of SAI Muntenia Invest SA, respectively of the managed entities.

NRC statute

The NRC, during the activity related to the remuneration:

- has access to internal / external consultancy, independent of consultancy provided by or to the senior management;
- has unlimited access to all data and information regarding the decision-making process of the Board of Directors regarding the design and implementation of the remuneration system;
- has unlimited access to all data and information from the risk management and control / compliance functions;

- ensures the appropriate involvement of internal control and other competent functions (for example, human resources).

5.2 Term of office of the Administrator of Longshield Investment Group SA, notification of termination and possible damages for revocation

The duration of this contract is 4 years, respectively between 23.04.2020 and 23.04.2024. The contract will take effect from the date of its authorization by the FSA, according to the Approval no. 165 / 22.07.2020 and until the date of completion of the mandate granted to SAI Muntenia Invest SA, in accordance with the decision of Longshield Investment's SGOM dated 23.04.2020. The contract may be terminated under the conditions provided in the management contract.

Either party may legitimately terminate the contract, by written notification with acknowledgment of receipt, sent at least 180 days before the date of termination of the contractual relationship. The denunciation by the parties will be made in compliance with the provisions of the legislation in force, of the FSA regulations and of the articles of incorporation of Longshield Investment SA.

There are no damages for revocation payable by any party to the contract.

5.3 Remuneration of the SRC members

The net monthly remuneration of each member of the SRC is 5.500 lei 10,000 lei net for the Chairman of the SRC.

SRC members are appointed for a term of 4 years starting with 25.06.2018.

5.3.1 Recruitment and selection of SRC members

Individuals who can apply for a position in the SRC of Longshield Investment Group SA must meet the following conditions:

- a) not to be employees or administrators of a Fund Manager or an AIFM or of another financial investment company and not to have any contractual relationship with Longshield Investment Group SA or with the AIFM that manages Longshield Investment Group SA;
- b) not to have been convicted by a final sentence for fraudulent management, abuse of trust, forgery, use of forgery, deception, embezzlement, perjury, giving or taking bribe;
- c) to be a graduate of a higher education institution with a bachelor's or diploma exam;
- d) to have experience of at least five years in the financial-banking field, of the capital market, in the management of a company or in university education;
- e) not to hold, directly or together with the spouse, the relatives up to the third degree or kinship up to the second degree, more than 5% of the share capital of the depositary with which Longshield Investment Group SA concluded a depositary contract;
- f) not to have been sanctioned by a financial markets regulatory authority with the prohibition of exercising professional activities;
- g) not to be in any other state of incompatibility provided by the legal provisions in force or by the articles of incorporation

6 Avoiding conflicts of interest

This Policy is elaborated based on the principle of avoiding conflict of interest and includes measures that ensure professional and responsible behavior at the level of Longshield Investment Group SA. The administrator of Longshield Investment Group and the members of the SRC must act with the necessary diligence and behave in a way and with such ethics and integrity, so as to avoid a conflict of interest, real or apparent. A “conflict of interest” means that situation or circumstance that may arise in the operational or decision-making process, in which the private interest, direct or indirect, of a person holding a key position within SAI Muntenia Invest SA is interposed with the interests of Longshield Investment Group and affects or could affect its independence and impartiality in the decision-making process, professional reasoning or timely and objective performance of duties or which could affect, by its nature, the integrity or stability of Longshield Investment Group SA and the financial market. In this regard, the Administrator of Longshield Investment Group and the members of the SRC must avoid activities, interests and other relationships that could be contrary to the interests of Longshield Investment Group or could cause a conflict with the performance of their duties.

Measures to prevent conflicts of interest:

- remuneration level of the Fund Manager and of the SRC members is established in close connection with the responsibilities and commitments related to the attributions, in accordance with the provisions of the Management Contract and of the mandate contract;
- the shareholder who is also a member of the SRC will not participate in the decision regarding his / her remuneration package and / or mandate contract;
- the elimination of any direct link between the remuneration of relevant persons who mainly carry out a certain activity and the remuneration of other relevant persons, who carry out mainly other activity, when the activities in question may generate a conflict of interests;
- it is forbidden to use the position held within Longshield Investment Group in the interest of persons with whom there are kinship relations or other extra-professional relations within the remuneration practices; in order to avoid conflicts of interest, the aim is to avoid appointing people to such positions, that is why each candidate for the position of the SRC member must provide a questionnaire on his/her independence which will be the basis of the independence analysis carried out by the SRC

7 Exception to this Policy

Modification of the relevant legislation may lead to exceptions to this Policy, beyond Longshield Investment Group SA control.

8 Final provisions

The Policy, after being voted by the Annual Shareholders General Ordinary Meeting, will be available on Longshield Investment Group’s website together with the date and results of the vote and will remain available to the public, free of charge, at least for the period in which it is in force.