

**Med Life S.A. (MedLife or the Company) Board of Directors' Substantiation Note  
for the Ordinary General Meeting of Shareholders (OGMS)  
on 27 April 2023/ 28 April 2023 (item 6 of the agenda)**

**Regarding the Approval of the Remuneration Policy of Med Life S.A.**

**Legal background:**

- Med Life S.A.' Articles of Association;
- Law no. 24 / 2017 on issuers of financial instruments and market operations, republished.

**Context:**

MedLife's Remuneration Policy of its Board of Directors members and Directors has been approved during the Ordinary General Meeting of Shareholders held on 28 April 2021. The policy can be accessed by shareholders on the company's website, under the Investor Relations - Corporate Governance Documents section.

**Whereas:**

The complexity of the activities carried out within the Group, as a result of the completion of 13 acquisitions and 7 organic developments during 2022, the new lines of business and the challenges of the current economic context, combined with the need to ensure an adequate and competitive remuneration system that attracts, retains and motivates competent and experienced individuals, requires a revision of the Remuneration Policy.

**The main amendments:**

The amendments to the Policy mainly refer to the revision of the current remuneration system, in order to incentivize the Managers both in terms of improving the Company's results in the short term and in terms of consolidating and positioning in the market, in a manner that ensures stability and sustainability in the medium and long term. The rest of the content changes do not impact the provisions of the current Policy, but aim to make the document easier to understand.

The proposed changes to the remuneration system are presented below in a comparative manner:

<b>Remuneration Policy - version submitted for approval</b>	<b>Remuneration Policy in force</b>
<p><b>Directors' agreements</b></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p><b>3.1. Administration agreement</b></p> <p>The administration agreement shall be concluded between MedLife and the Directors.</p> <p>The administration agreement shall be concluded for a period of four (4) years, except for the case where a director is selected following the vacation of a position by a member in the Board of Directors, in which case the respective director is appointed only for the remaining of the duration, as of the moment of its appointment for the vacant position and until the end of the term of its predecessor's mandate.</p> <p>In case of ad nutum revocation of the Director, without just cause, the Administration Agreement provides for the duty of the Company to pay the Director, upon termination of the agreement thusly, an amount that represents the value of three (3) Fixed Remunerations. In case the termination of the Administration Agreement by the Company is done with cause (namely there exists a non-fulfilment of contractual and/or legal obligations) no compensation shall be paid upon termination of the Administration Agreement.</p>

**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.<sup>1</sup>

**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**

**The Administration Agreement provides for a prior notice term of six (6) months for the cases in which the Director intends to renounce their mandate by submitting their resignation.**

#### **3.2.Mandate agreement**

The Mandate agreement shall be concluded between MedLife and the Managers. The Managers are part of the Executive Committee, as per the provisions of the Articles of Association of the Company. The Executive Committee may include a number of maximum ten (10) members. The Mandate agreement shall be concluded for a period of four (4) years. **A Manager may unilaterally terminate the Mandate agreement by sending a written notice to the Company, under the condition of compliance with a prior notice term of three (3) months. The Company may unilaterally terminate the Mandate agreement by sending a written notice to the Manager under the condition of compliance with a prior written notice of three (3) months.** In case the Company revokes the Manager without just cause, the Mandate agreements may include the duty of MedLife to pay a compensation of which amount does not exceed the Fixed Remuneration for six (6) months. If the termination of the Mandate agreement by the Company is done with cause (namely there exists a nonfulfilment of contractual and/or legal obligations) no compensation shall be paid upon the termination of the Mandate agreement.

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

The remuneration of the Directors is established by the Ordinary General Shareholders' Meeting of MedLife. The remuneration of the members of the Board of Directors is comprised by a fixed monthly indemnification, ~~in amount of Euro 5,000 net/month for the members of the Board of Directors and in amount of Euro 7,000 net/month for the Chairman of the Board of Directors. The Ordinary General Shareholders' Meeting of MedLife approves the annual remuneration of the Directors.~~

Next to the fixed component, the following benefits are added for the members of the Board of Directors: 5 - The members of the Board of Directors receive training

<sup>1</sup> The remuneration of the current members of the Board of Directors for the entire duration of their current mandates has been approved by the General Meeting of Shareholders on 28 April 2022, as follows: the RON equivalent of 5,000 EUR/month net for each member of the Board of Directors except for the Chairman, and the RON equivalent of 7,000 EUR/month net for the Chairman of the Board of Directors.

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.

courses/coverage of study expenses, rent, accommodation and medical subscription. - Also, the members of the Board of Directors receive in view of performing their activity a company car, telephone and work laptop.

Save for participation to the public pensions system and implicitly to the second pylon of the Romanian pensions system (i.e. privately managed pensions funds), the Directors do not benefit from contributions to the optional pensions systems paid by 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<sup>2</sup> 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

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

The remuneration of the Managers is established by the Company's Board of Directors. The Managers' remuneration system **includes a fixed component**. At the same time, the Managers also have a series of non-financial benefits.

Remuneration of the Managers is made of a fixed monthly indemnification, the amount of which varies depending on each Manager in part, depending on a series of elements that shall be explained below: Fixed basis remuneration (salary) The level of fixed basis remuneration is determined taking into account the relevant professional experience and organizational experience for each management position within the Executive Committee. For each position within the Executive Committee, clear roles and responsibilities are defined, as well as a set of necessary competencies and abilities.

~~The fixed basis remuneration may vary between Euro 4,000 gross and Euro 20,000 gross depending on the level of responsibility of the position within the Executive Committee.~~

### Extra-salary benefits

**Executive Managers with a mandate agreement have the following benefits:**

<sup>2</sup> This is supposed to be approved by the General Shareholders' Meeting on April 27, 2023, the aggregate amount of 8,800,000 RON/net per year as the general limit for all additional remunerations that may be granted to members of the Board of Directors and all remunerations of the executive directors of the Company (item 4 on the agenda).

**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 Executive Managers receive training courses/coverage of study expenses, rent and accommodation, gym membership, and also health insurance;**

**- Also, the Executive Managers receive in view of performing their activity a company car, telephone and work laptop.**

Save for participation to the public pensions system and implicitly to the second pylon of the Romanian pensions system (i.e. privately managed pensions funds), the Managers do not benefit from contributions to the optional pensions systems paid by MedLife.

Remuneration granted to the individuals that occupy the position of Directors as well as that of Manager is cumulative.

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.

**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.

#### **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:**

#### **FINAL PROVISIONS**

##### **Exceptions**

**~~No exceptions shall be made from the Remuneration Policy.~~**

- 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.

#### **Conflicts of interests**

~~Potential conflicts of interests regarding the Remuneration Policy are avoided by:~~

~~Approval of the Remuneration Policy within the OGSM;~~

~~Existence of a Nomination and remuneration committee which by its composition of non-executive and independent directors ensures not only a proper reasoning of the process to draft and review the Remuneration Policy but also a bonus of independence and objectivity.~~

~~In case any individual involved in the decisional process considers himself or herself in a potential or actual conflict of interests he or she is bound to refrain from attending deliberations and from exercising his/her right to vote.~~

~~Alignment with the business, sustainability and long-term interests strategy of MedLife.~~

~~The structure of remuneration packages (especially the inexistence of variable components tied to performance for Non-executive Directors, percentage of the fixed component in the remuneration packages of the Managers) should ensure the alignment of the Remuneration Policy to the business, sustainability and long-term interest strategy of MedLife.~~

~~To maintain internal equity of the salary structure for the positions of Managers, the average salary of a Director shall not exceed 5 times the average salary per unit for a physician.~~

Following the above mentioned,

**It is proposed to the OGMS: The Approval of the Remuneration Policy of Med Life S.A.**

Mihail Marcu

**Chair of the Board of Directors**