

**Med Life S.A. (MedLife or the Company) Board of Directors' Substantiation Note**  
**for the Ordinary General Meeting of Shareholders (OGMS) on**  
**10 October 2024 / 11 October 2024 (item 3 of the agenda)**

**Regardin the approval of the Amended Remuneration Policy of the Company 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 ("Law 24/2017")

**1. Context:**

The MedLife Remuneration Policy, applicable to the members of the Board of Directors of the Company and Directors (“**Leaders**”), as defined by Law no. 31/1990 on companies, was approved at the Annual General Meeting of Shareholders no. 1 on April 27, 2023 (resolution no. 6) and made available to shareholders on the Company’s website, in the Investor Relations section – Corporate Governance Documents subsection. The existing Remuneration Policy came into effect on April 27, 2023.

**2. Considering:**

The complexity of activities conducted at the level of the MedLife Group, combined with the need to ensure an adequate and competitive remuneration system aligned with market practices—one that attracts competent and experienced individuals to serve as Leaders of the Company, as well as retains and motivates current Leaders—has highlighted the necessity to revise the Remuneration Policy.

**3. Main changes:**

The changes made to the Remuneration Policy primarily involve detailing the current variable remuneration system, including the introduction of additional information regarding the short-term incentive component as well as the conditions of the long-term incentive plan.

In the context of the proposed amendments to the Remuneration Policy, it will also be taken into account that the number of Directors of the Company (i.e., the number of members of the Executive Committee) will be reduced from 10 to 5.

**4. The objective of the modifications:**

The ultimate objective of the modifications to the Policy is to stimulate the performance of Leaders, both in terms of improving the Company’s financial results in the short and long term and in aligning with market practices in a manner that ensures long-term stability and sustainability. Additionally, the changes are intended to transparently align the interests of the Company and its investors with those of the Leaders.

Below is a summary table of the main elements subject to modification in the Remuneration Policy, which is not presented exhaustively. The updated version of the Remuneration Policy, including all proposed changes, is made available to shareholders as part of the documentation for the Annual General Meeting of Shareholders:

PROPOSED CHANGES TO THE REMUNERATION POLICY	
Modified Remuneration Policy – Version Submitted for Approval at the OGSM on 10/11 October 2024	Current Remuneration Policy (effective from April 27, 2023)
<u>Sec. III – Mandate Agreements</u>	
<u>Sec. III let. b) – Directors’ Mandate agreements</u> The new notice period for a Director's resignation is 3 (three) months	<u>Sec. III – Directors’ agreements</u> The existing policy includes a notice period of 2 (two) months.
<u>Sec. V – Remuneration of Executives</u>	
The distinction between the components of <b>(i)</b> fixed remuneration, <b>(ii)</b> variable remuneration (which includes a short-term component and a long-term component), and <b>(iii)</b> other benefits is clarified. Within the total variable remuneration, the short-term component represents up to 30%, while the long-term component represents up to 70%.	Conceptually, the existing policy already includes these three remuneration components; however, the distinction between them is not explicitly detailed in all cases.
<u>Sec. V let. b) – Variable remuneration</u> <u>(i) Short-term incentive component</u> The short-term incentive component is detailed, while maintaining that this mechanism will continue to be paid in cash (i.e., annual performance bonus). A clear breakdown of performance criteria categories is introduced: <b>(i)</b> financial indicators (up to 40% weighting); <b>(ii)</b> functional indicators, directly related to the Directors' areas of activity (up to 40% weighting); and <b>(iii)</b> non-financial indicators (between 10%-30% weighting). Additionally, it is clarified that the total combined weighting of these indicators must be 100% and cannot be altered during the reference year in progress. Furthermore, a non-exhaustive description of situations that may justify excluding a specific Director from the short-term incentive component is introduced.	<u>Sec. V – Variable compensation</u> <u>Short-Term Incentive Component</u> Conceptually, the existing policy already includes the possibility of implementing a short-term incentive component; however, the provisions are stated in more general terms.

<p><u>Sec. V let. b) – Variable remuneration</u></p> <p><u>(ii) Long-term incentive component</u></p> <p>The principal conditions of the long-term incentive plan are introduced, involving the allocation of shares free of charge, subject to meeting certain vesting conditions (including achieving performance indicators and completing intermediate and total vesting periods). The final value of the share package at the time of intermediate and total vesting, as applicable, will be adjusted based on the degree of achievement of the performance indicators set for the reference period (intermediate/total), subject to the other vesting conditions outlined in the Remuneration Policy. Intermediate vesting occurs annually, while total vesting occurs after 4 (four) years.</p>	<p><u>Sec. V – Variable compensation</u></p> <p><u>Long-term incentive component</u></p> <p>Conceptually, the existing Policy already includes the possibility of establishing a long-term incentive plan. However, the relevant provisions are presented in general terms.</p>
<p><u>Sec. V let. d) – Adjustment of Variable Remuneration (malus / claw-back)</u></p> <p>The possibility of activating the mechanisms for adjustment (<i>malus</i>) / recovery (<i>claw-back</i>) of variable remuneration is detailed in exceptional situations such as fraud or severe disciplinary misconduct by the Director.</p>	<p><u>Sec. V – Variable compensation</u></p> <p>The existing provisions for <i>malus</i> and <i>claw-back</i> are described in general terms.</p>

Based on the above,,

**It is proposed to the OGSM: the Approval of the Amended Remuneration Policy of Med Life S.A. (item 3 on the agenda)**

**MIHAIL MARCU**

Chairman of the Board of Directors

**MED LIFE S.A.**