According to Law 24/2017, art. 92^1, the listed companies must submit to the shareholders' vote the Remuneration Policy for the Company's directors (defined as members of the Board of Directors or Directors of the company, within the meaning of Law 31), starting with the first OGMS held after July 27, 2020.

In the case of our company, it is about the members of the Board of Directors (“BoD”) and of General Manager and Chief Financial Officer.

Remuneration of the members of the Board of Directors

Our company has submitted to the shareholders' vote the remuneration of the members of the Board of Directors as of January 2020. It includes:

i. 5,000 RON / month gross for each member of the Board of Directors, with the exception of the President;
ii. RON 25,000 / month gross for the President of the Board of Directors;
iii. Inclusion in the incentive plan with options of key persons (SOP2020), with a number of options equal to 0.5% of the total number of shares, annually, of each member of the Board of Directors with the exception of the President of the Board of Directors; and
iv. Inclusion in the incentive plan with options of key persons (SOP2020), with a number of options equal to 0.75% of the total number of shares, annually, of the President of the Board of Directors.

Additional benefits for members of the Board of Directors

Additional benefits do not exist. The members of the Board of Directors will be reimbursed the expenses incurred for the representation of the Company.

Remuneration of the General Manager

Prior to the drafting of this document, the remuneration of the General Manager was established based on the fact that Mr. Mihai Logofătu, founder of the Company, and member of the Board of Directors (as a representative of Ivylon Management SRL), occupies the position of General Manager.

Thus, Mr. Logofătu did not receive any additional remuneration for this position. The Issuer intends to maintain this situation in the medium- and long-term and will submit to the shareholders a new remuneration policy, built on the recommendations of the Remuneration Committee, at the moment when this need exists.

During the term of office of the General Manager of Mr. Mihai Logofătu, the company's policy is that the benefits of the position of General Manager be those related to the company's representation:

- Access to a car provided by the company, within an operational leasing contract worth a maximum of 1000 euros per month.
- “D&O Liability” insurance policy paid by the Company.

Remuneration of Chief Financial Officer

Prior to the drafting of this document, the remuneration of the Chief Financial Officer was established by the General Manager. We propose to the shareholders the extension of the current remuneration model, described below:

- A fixed, monthly remuneration, with a net value of maximum 20,000 lei per month, payable in cash.
- A variable remuneration ("bonus"), annual, of maximum 200,000 lei, payable in BNET shares, based on the subjective evaluation of the General Manager, taking into account the suggestions of the Remuneration Committee.
- Inclusion in an incentive plan with options, once every 2 years, in the general conditions of Bittnet's SOP plans (the right to acquire in the future, over 2 years, shares of the company in proportion of 0.5% for each year of mandate, at a price equivalent to the capitalization of the company at the beginning of the plan).

Additional benefits:

- "D&O Liability" insurance policy paid by the Company.

Policy Objectives and Principles

The remuneration policy must contribute to the issuer's business strategy, as well as its sustainability and long-term interests, and include a necessary explanation in this regard.

The objectives of the policy start from the objectives of the company's management. Thus, the objective of management is to maximize the value of the company ("shareholders' wealth"), measured by the capitalization of the company. Considering that at present, and for the future environment, the Issuer intends to keep the current dividend policy, accessible HERE, which can be summarized by "capitalizing profits and granting free shares, without cash dividends", the capitalization of the company is the best measure of the value brought to shareholders by management and administration.

Basically, we aim to align the interests of shareholders with those of management, so that all parties involved have the same measure of achievements. Payment by including management in SOP incentive plans achieves this goal, because:

- Management is rewarded only on the basis (retrospectively) of the increase in the company's value
- Management is remunerated with the same "currency" - BNET shares. Thus, not only will the members of the management want to increase the value of the shares, in order to receive a variable remuneration, but, additionally, to avoid lowering their price (once they have been remunerated with shares, they are in exactly the same position as the other shareholders).

Thus, the policy ensures both the sustainability of the business and the long-term alignment of interests.

The ratio between fixed and variable remuneration

We seek to commit certain minimum expenses, in exchange for a variable component that can take significant values for any person included in the policy. Given that, theoretically, the variable part of the remuneration can take any real, positive value, including zero, it is not possible to estimate a proportion between the fixed and the variable remuneration. We want the variable proportion to be the most important. In the years prior to the presentation of this policy, the general and financial director were remunerated with the average gross salary per economy, but with options that, at the time of settlement, had values of the order of "one million lei". If these realities are repeated, we can consider the remuneration as being almost entirely variable.

Correlation with the remuneration and employment conditions of employees

Also, the remuneration policy explains the way in which the remunerations and employment conditions of the issuer's employees were taken into account, when establishing the remuneration policy.

Bittnet's policy does not in any way correlate management's remuneration with that of employees. We consider that there is a completely different specific, based especially on the existence of individual responsibilities, but also on the contractual differences (mandate contract vs employment contract). The overwhelming majority of the employees of the issuer's group receive monthly remunerations higher than 5000 lei gross.

The General Manager has the mandate to transmit both in our organization and in the member companies of the group the principles of offering an infinite earning potential for employees, in exchange for a decrease in certain costs for the company - thus seeking to offer employees similar conditions of proportion between fixed and variable remuneration.

All employees in companies controlled by the Bittnet Group are evaluated according to subjective criteria by direct managers, but also by colleagues, in order to ensure the alignment of desirable behaviors with the Company's values.

Correlation of the evaluation criteria with the Issuer's objectives

The performance evaluation criterion is objective and clear: "the difference in value registered by the company's capitalization between the moment of exercising the option and the starting moment of the measurement (± 2 years before)".

Because the objective of management is to increase the value of capitalization, this criterion is correlated by definition with the objectives.

In the case of subjective evaluations by the General Manager or the Remuneration Committee, the objective pursued is to reward the desirable attitudes, in accordance with the values of the Group.

Postponement and recovery of variable remuneration

The variable remunerations are granted in the form of options to acquire shares of the Issuer, after a duration of 2 years from the beginning of the plan. The exercise period is May-June of the year following the last year of each plan. Thus, there is a delay of 1.5 or 2.5 years between the time of the start of the measurement and the time when the remuneration can be accessed.

In addition, the settlement mechanisms specific to the Romanian capital market legislation mean that, once the remuneration is established, the effective transfer of shares will be postponed by at least 3 months.

Once owned by management, there is no method, no option and no plan to recover the variable remuneration.

Durations of contracts, notices, pensions, termination conditions

The standard terms of the mandate contracts signed with the company's leaders are 4 years. The notice period will be at least 60 days. The members of the Board of Directors will have the right to compensatory payments in case of termination of the contracts by the Company, without just cause.

Remuneration policy procedures

The remuneration policy explains the decision-making process leading to its establishment, review and implementation, including measures to avoid conflicts of interest and, where appropriate, the role of the remuneration committee or other committees involved.

The remuneration policy will be revised in at least the following situations:

- Receiving a negative vote from the shareholders
- The finding by the Remuneration Committee (on its own initiative or at the notification of any person to whom the policy applies) of some ambiguities, inconsistencies or difficulties of application, or the non-correlation with the market conditions. Thus, the main objective being to protect the wealth of shareholders, the Policy may be subject to review if it is found that it could prevent the company from carrying out its activity in conditions of continuity or performance.
- Any other situation that generates, in the opinion of the Board of Directors or the Remuneration Committee, the need to revise the remuneration policy.

In these situations, the interested parties propose a policy review, the Remuneration Committee analyzes and approves (positive or negative) the proposal, and following a positive opinion, the Remuneration Committee proposes to the shareholders for approval the new remuneration policy, at the first GSM to be unfolded.

Avoiding conflicts of interest

The policy revisions will not take effect if they do not get the positive vote of the shareholders. Thus, conflicts of interest cannot arise, because the people who propose to change the policy are not the same ones who approve it.

If the Board of Directors proposes to the shareholders a change of the remuneration policy, without having received a previous opinion from the Remuneration Committee, the new proposal will mention this information.

Policy review - changes from the previous version

In the case of the policy review, a description and explanation of all significant policy changes and how the votes and shareholders' views on the remuneration policy are taken into account shall be included and shall include a report from the last vote of the general meeting of shareholders on the remuneration policy.

Not the case - this is the first version of the remuneration policy. There were no formal documents approved by shareholders prior to this document.

Possibility to derogate from the policy during a year

In order to achieve the objective of protecting the interests of shareholders and the value of their shares, this Policy recognizes that it is essential that the Issuer be able to operate in conditions of continuity and alignment with market practices and situations. The policy must not constitute a blockage or a brake in attracting qualified persons within the Company. Thus, in exceptional cases, during a year, the Issuer may derogate from the remuneration policy, in case the Remuneration Committee finds (on its own initiative or at the notification of any person to whom the policy applies) some ambiguities, inconsistencies or difficulties. application, or non-correlation with market conditions. The policy may be subject to derogations if it is found that it could prevent the company from carrying out its activity in conditions of continuity or performance. In this case, the remuneration report for the respective fiscal year will include a detailed explanation of the derogations applied, and will be submitted to the approval of the shareholders at the first general meeting after the end of the fiscal year in which the derogation from the Policy took place.