

The Remuneration Report of Fondul Proprietatea for 2023 financial year

Chapter I. Preamble

This Remuneration Report (“the Report”) of Fondul Proprietatea SA, a joint-stock company incorporated under the laws of Romania, qualifying as an alternative investment fund under Law no. 74/2015 on alternative investment fund managers and Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts and as an issuer under Law no. 24/2017 on issuers of financial instruments and market operations (the “Issuers Law”), an entity supervised by the Financial Supervisory Authority (“FSA”), has been discussed by the Board of Nominees of Fondul Proprietatea SA (“Fondul Proprietatea / the Fund”) in accordance with the Fund’s Remuneration Policy¹ in force throughout the financial year ended 31 December 2023 and the Issuers Law, in order to present the remuneration granted to Franklin Templeton International Services S.À R.L. Luxembourg² (the “Fund Manager”/ “AIFM”/ “FTIS”), and to the Board of Nominees during the financial year ending on 31 December 2023.

Fondul Proprietatea’s Remuneration Policy mentioned above was approved on 15 November 2022 by the Ordinary General Meeting of Shareholders of the Fund with 56.79% of the validly cast votes (“Remuneration Policy”).

This Report provides an overview of the remunerations, including all benefits, if any, regardless of their form, which were granted or due for the last financial year ended 31 December 2023 to the Fund Manager, based on the Management Agreement in force between 1 April 2022 – 31 March 2024, as further amended, and to each member of the Board of Nominees, including the ones who were reappointed during 2023, in accordance with the Remuneration Policy.

The remunerations for 2023 of both the Fund Manager and of the Board of Nominees’ members have been paid in full compliance with the Remuneration Policy; the Fund did not apply any deviations or derogations from the Remuneration Policy. There were no key events in the Fund’s business environment affecting the remunerations.

The current Management Agreement in force as of 1 April 2022 was approved by the Fund’s OGSM Resolution no. 15/15 December 2021, with the key commercial terms approved by the Fund’s shareholders during the 29 September 2021 OGSM (including the remuneration of the Fund Manager) and is valid for a 2-year duration.

The Management Agreement was subsequently amended in terms of Chapter 10. Fund Manager Remuneration and Expenses, as per the FSA request. Addendum 1 to the Management Agreement

¹The Remuneration Policy in force during 2023 is available on the Fund website, section Investor Relations – GSM Information – GSM Resolution – Ordinary General Shareholders Meeting Resolution no. 11 / 15 November 2022

² During 2023, the Fund was managed by Franklin Templeton International Services S.À R.L. as its Sole Director and Alternative Investment Fund Manager under the AIFM Directive and local implementation regulations, on the basis of the Management Agreement in force between 1 April 2022 – 31 March 2024, as per the 15 December 2021 GSM Resolution, as amended by Addendum 1 approved by OGM Resolution no. 10/15 November 2022. The portfolio management and the administrative activities are performed by FTIS via its Bucharest Branch.

reflecting the changes requested by the FSA was approved by OGSM Resolution no. 10 / 15 November 2022.

Both the Management Agreement in force and Addendum no. 1 are available on the Fund's webpage, section Fund Management– Management Agreement.

For transparency purposes, this Report also reflects information regarding the remuneration policy of the Fund Manager and an overview of the remuneration paid by the Fund Manager to its staff members in relation with Fondul Proprietatea during the financial year ended 30 September 2023 (for the Fund Manager, the financial year is ending on 30 September). Such remuneration does not represent an additional cost for the Fund.

This Report will be presented to the advisory vote of the Ordinary General Meeting of Shareholders planned for 30 April 2024.

Chapter II. Management structure of the Fund

Fund Manager

During 2023, the Fund was managed by Franklin Templeton International Services S.à r.l., a *société à responsabilité limitée* qualifying as an alternative investment fund manager under Article 5 of the Luxembourg law of 12 July 2013 on alternative investment fund managers, authorized by the *Commission de Surveillance du Secteur Financier* under no. A00000154/21 November 2013, whose registered office is located at 8A rue Albert Borschette, L-1246 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 36.979, registered with the FSA under number PJM07.1AFIASMDLUX0037/10 March 2016 as its Sole Director and Alternative Investment Fund Manager under the AIFM Directive and local implementation regulations, based on the Management Agreement executed between the Fund and the Fund Manager in force during the period 1 April 2022 – 31 March 2024, as further amended. The Management Agreement is available on the Fund's website, section Fund Management– Management Agreement.

Board of Nominees

The Board of Nominees consists of five members appointed by the ordinary general meeting of shareholders in order to supervise, scrutinize and evaluate the activity of the Fund Manager and the fair treatment of all shareholders, in accordance with the provisions of the Fund's Constitutive Act.

During 2023, the following persons were members of the Board of Nominees:

Name	First appointment date	Expiration date
Mrs. Ilinca von Derenthall	26 November 2020	25 November 2026 ³
Mr. Ciprian Ladunca	16 November 2020	15 November 2026 ⁴
Mr. Nicholas Paris	6 April 2021	6 April 2024
Mr. Ömer Tetik	6 April 2021	6 April 2024
Mr. Martin Bernstein	27 April 2022	27 April 2025

³ Mrs. Ilinca von Derenthall's was re-appointed as member of the Board of Nominees for an additional 3 year-period, as per the OGSM Resolution no. 7 / 25 September 2023

⁴ Mr. Ciprian Ladunca's was re-appointed as member of the Board of Nominees for an additional 3 year-period, as per the OGSM Resolution no. 6 / 25 September 2023

Chapter III. Remuneration Policy of the AIFM

FTIS, as AIFM, has a remuneration policy in place regarding the amounts charged in relation with the alternative investment funds under its management. The costs described within this section represent the remuneration costs borne by the AIFM and do not represent an additional cost for the Fund. The policy has been designed to discourage excessive risk taking, integrating in its performance management systems the risk criteria specific to the business units it covers. The policy has a governance structure aimed at preventing internal conflicts of interests.

The AIFM fully implemented the remuneration policy during 2023 – a summary of the version applicable at the reporting date is available on Franklin Templeton Luxembourg website (<https://www.franklintempleton.lu>) under the Regulatory Information section and in the Annex 2 to this report. There are procedures in place for the preparation, update, review and approval of the policy as well as for communication and implementation of the policy. Senior management, human resources, internal audit and other functions are involved in this process and the policy is approved by FTIS.

Fixed remuneration is defined as base salary plus other benefits which may include company cars, pension contributions, life insurance premiums or private medical insurance premiums. Levels of fixed remuneration are set with reference to job complexity, level of responsibility, performance and benchmarking data; these levels are reviewed on a periodical basis.

Variable remuneration is defined as annual bonuses, long term awards in the form of performance share grants, or bonus payments. The levels of variable remuneration are set with reference to overall corporate and business unit performance, as well as individual performance.

The full Remuneration Policy of the AIFM is available at the registered office of the AIFM.

Information regarding the **remuneration paid by FTIS to its staff members in relation to Fondul Proprietatea** during the financial year ended 30 September 2023 (the financial year of FTIS is ending on 30 September and the figures are presented as such) are included in the table below:

Name	2023		2022	
	Amount (EUR)	No. of beneficiaries	Amount (EUR)	No. of beneficiaries
Total remuneration in relation to Fondul Proprietatea for the financial year ended 30 September, out of which:	19,717,440	279	1,936,249	368
Fixed remuneration paid by FTIS to members of staff	728,612	279	1,429,127	368
Variable remuneration paid by FTIS to members of staff, except for performance fees	18,988,828	256	507,122	265
Variable remuneration representing performance fees	-	-	-	-

Source: FTIS

Note: For avoidance of any doubt, the amounts included in the table above are not paid by the Fund and do not impact in any way the financial statements of Fondul Proprietatea.

Name	2023 Amount (EUR)	2022 Amount (EUR)
Remuneration for identified staff members in relation to Fondul Proprietatea for the financial year ended 30 September	16,830,311	427,394
Remuneration for members of the board of directors or of the supervisory board	29,210	32,397
Remuneration for senior management (key decision makers)	16,762,719	354,391
Remuneration for members of staff with control responsibilities (compliance, risk management, internal audit, etc.)	38,382	40,606
Remuneration for members of staff whose actions have a material impact on the risk profile of the Fund	-	-

Source: FTIS

Note: For avoidance of any doubt, the amounts included in the table above are not paid by the Fund and do not impact in any way the financial statements of Fondul Proprietatea.

For more details regarding the remuneration paid by FTIS to its staff members in relation with Fondul Proprietatea during the financial year ended 30 September 2023 please refer to Annex 1.

Chapter IV. Remuneration of the Fund Manager

The remuneration of the Fund Manager is part of the Management Agreement approved by the Fund's shareholders, being in line with the Remuneration Policy.

In accordance with the Management Agreement, the Fund Manager must manage the Fund's portfolio in accordance with, and must comply with, all the obligations undertaken under the Investment Policy Statement and seek to achieve the performance objectives therein, including (without limitation) the Discount Objective and the NAV Objective, as detailed under the Investment Policy Statement.

The NAV objective refers to an Adjusted NAV per share in the last day of the Reporting Period higher than the reported NAV per share as at the end of the previous Reporting Period.

The discount objective implies the discount between the closing price of the Fund's shares on Bucharest Stock Exchange and the latest reported NAV per share to be equal to, or lower than 15%, in at least 2/3 of the trading days in the Reporting Period.

The detailed Investment Policy Statement can be found on the Fund's website at section Investments – Investment Strategy.

The Fund Manager is committed to its continued efforts to protect shareholders' value and to implement the necessary measures in accordance with the Investment Policy Statement. In applying Discount Control Management ("DCM") measures during 2023, *inter alia*, the Fund Manager proposed, and shareholders approved during the 21 April 2023 shareholders' meeting the distribution of an annual gross dividend of RON 0.05 per share corresponding to the 2022 financial year profit, with payment date starting on 6 June 2023.

Also, the Fund's shareholders approved during the 18 August 2023 shareholders' meeting, the payment of a special dividend in gross amount of RON 1.7225 per share from the proceeds collected following the completion of the initial public offering of the Fund's entire stake held in Hidroelectrica SA.

During 2023 the Fund also carried out two tender offers within the 14th buy-back programme for 225,000,000 shares (settled in March 2023) and respectively 1,670,000,000 shares (settled in December 2023).

The remuneration structure of the Fund Manager is presented in the table below:

All amounts in RON equivalent

Year	Total gross remuneration	Fixed remuneration (Base Fee)		Additional base fee (Performance fee*)		Variable remuneration (Distribution Fee**)	
		Value	Proportion	Value	Proportion	Value	Proportion
2023	237,847,355	36,785,547	15.5%	-	0%	201,061,808	84.5%
2022	107,230,522	57,328,010	53.5%	2,714,634	2.5%	47,187,877	44.0%

* The performance fee was applicable until 31 March 2022. There is no performance fee applicable under the FTIS mandate that started on 1 April 2022 – see Management Agreement on the Fund’s webpage, section Fund Management– Management Agreement.

** For more details regarding the calculation formulas of the Base Fee, Performance Fee and Distribution Fee, please refer to Chapter V, Section 2 of the Remuneration Policy of Fondul Proprietatea available on the Fund’s website at section About the Fund – Fund Overview – Corporate Governance

The remuneration presented above also includes the amounts booked as accruals in the accounting records of the Fund for the financial year ended 31 December 2023, to be invoiced by the Fund Manager in 2024.

The transactions carried out between the Fund and FTIS Bucharest Branch were the following:

Transactions	Year ended 31 December 2023	Year ended 31 December 2022
Rent expense charged to the Fund	85,612	76,860
Operating cost charged to the Fund	32,223	28,410
Total	117,834	105,270

During 2023, the Fund also recorded RON 827,839 (in 2022: RON 529,138) representing expenses incurred by Fund Manager on its behalf. These expenses were primarily related to expenses in the interest of protecting and promoting the image of the Fund and its securities (investor relations). The recharge of these expenses to the Fund follows the provisions of the Management Agreement in place and are subject to Board of Nominees’ approval.

The Fund Manager (i) did not obtain any other benefits from Fondul Proprietatea and (ii) did not receive any remuneration from any affiliated entity to Fondul Proprietatea.

There is no stock option plan offered by the Fund to its Fund Manager.

Chapter V. Remuneration of the Board of Nominees’ members

Each member of the Board of Nominees receives a fixed remuneration, as approved through the Resolutions of the Fund’s Ordinary General Meeting of Shareholders no. 9 of 29 October 2015, no. 5 of 14 February 2018, and no. 11 of 15 November 2022, being in line with the Remuneration Policy; no malus/ claw back arrangement is in place.

Starting with 16 November 2022, an additional fixed gross monthly remuneration for the Chairperson of the Board of Nominees and for the Chairpersons of the Audit and Valuation Committee and of the Nomination and Remuneration Committee was approved by the Fund’s shareholders, as per OGSM Resolution no. 11/15 November 2022, published on the Fund’s website, in section Investor Relations – GSM Information – GSM Resolution.

The remuneration structure of each member of the Board of Nominees for the financial year ended 31 December 2023 was as follows:

All amounts in RON

Name, Position	Total gross remuneration	% fixed remuneration	% variable remuneration
Mrs. Ilinca von Derenthall, Chairperson of the Board between 1 Jan 2023 – 31 Dec 2023	366,180	100%	N/A
Mr. Ciprian Ladunca, Board Member between 1 Jan 2023 - 31 Dec 2023 and Chairperson of the Audit and Valuation Committee during 1 Jan 2023 – 31 Dec 2023	350,268	100%	N/A
Mr. Nicholas Paris, Board Member between 1 Jan 2023 - 31 Dec 2023 and Chairperson of the Nomination and Remuneration Committee during 1 Jan 2023 – 31 Dec 2023	350,268	100%	N/A
Mr. Ömer Tetik, Board Member between 1 Jan 2023 - 31 Dec 2023	318,420	100%	N/A
Mr. Martin Bernstein, Board Member between 1 Jan 2023 – 31 Dec 2023	318,420	100%	N/A

There are no post-employment, long term or termination benefits related to the remuneration of the members of the Board of Nominees.

During 2023, the Fund also incurred the costs below related to the Board of Nominees.

All amounts in RON equivalent

Name	Costs related to meetings (transport and accommodation)	Costs related to new appointments
Mr. Martin Bernstein	187,373	-
Mrs. Ilinca von Derenthall	42,250	536
Mr. Nicholas Paris	34,814	-
Mr. Ciprian Ladunca	28,891	-
Mr. Ömer Tetik	-	-
Total	293,328	536

Other costs incurred during 2023 by the Fund in relation with the members of the Board of Nominees comprised:

Costs	RON
Professional insurance costs	414,988
Advisory services for the Board of Nominees	88,561
Other costs (meals, business cards, notary services, translations etc.)	202,715
Total	706,265

There were no loans between the Fund and the members of the Board of Nominees.

Chapter VI. Comparative information on the amendment of the remuneration and on the Fund's performance for the last 5 financial years

The total remuneration due to the Fund Manager in the last 5 years is presented in the table below:

Total remuneration	2023	2022	2021	2020	2019
Amount in RON	237,847,355	107,230,522	87,239,913	65,906,915	54,699,657
Variation% YoY	+122%	+23%	+32%	+20%	-10%

The variation of the remuneration payable to the Fund Manager year-over-year is determined by:

- the Fund's market capitalisation,
- the discount of the Fund's share price to net asset value per share (applicable only until 31 March 2022),
- the distributions made available to the Fund's shareholders (including, without limitation, repurchases of own Fund's shares and GDRs, dividends, returns of capital).

The structure of the administration fees during the last 5 years was as follows:

Administration fees	2023	2022	2021	2020	2019
Base fee	No change	Starting with 1 Apr 2022: 45 bps applied on market capitalisation	No change	No change	60 bps applied on market capitalisation
Performance fee	No change	- No change until 31 Mar 2022 - Starting with 1 Apr 2022 there is no additional performance fee	No change	No change	An additional base fee of 0.05% payable as performance fee when the discount of the Fund's share price to net asset value per share is below or equal to 20% but above 15% and a further 0.05% when the discount is equal or below 15%
Distribution fee on buy-backs (including,	No change until 31 Mar 2023. Starting with 1 Apr 2023: 1.75% applied to the value of the	No change until 31 Mar 2022. Starting with 1 Apr 2022:	No change	No change	100 bps

Administration fees	2023	2022	2021	2020	2019
without limitation, repurchases of own shares and GDRs)	distributions during 1 Apr 2023 – 31 Mar 2024	- 2.50% applied to the value of the distributions during 1 Apr 2022 – 31 Mar 2023 - 1.75% applied to the value of the distributions during 1 Apr 2023 – 31 Mar 2024			
Distribution fee on returns of capital	No change until 31 Mar 2023. Starting with 1 Apr 2023: 1.75% applied to the value of the distributions during 1 Apr 2023 – 31 Mar 2024	No change until 31 Mar 2022. Starting with 1 Apr 2022: - 2.50% applied to the value of the distributions during 1 Apr 2022 – 31 Mar 2023 - 1.75% applied to the value of the distributions during 1 Apr 2023 – 31 Mar 2024	No change	No change	100 bps
Distribution fee on dividend distributions	No change until 31 Mar 2023. Starting with 1 Apr 2023: 1.75% applied to the value of the distributions during 1 Apr 2023 – 31 Mar 2024	No change until 31 Mar 2022. Starting with 1 Apr 2022: - 2.50% applied to the value of the distributions during 1 Apr 2022 – 31 Mar 2023 - 1.75% applied to the value of the distributions during 1 Apr 2023 – 31 Mar 2024	No change	No change	100 bps

The table below presents the remuneration for the active Board members during 2023, in accordance with the terms of their mandates presented above.

Annual amendment	Board of Nominees' members Remuneration				
	FY 2023 vs. FY 2022	FY 2022 vs. FY 2021	FY 2021 vs. FY 2020	FY 2020 vs. FY 2019	FY 2019 vs. FY 2018
Mrs. Ilinca von Derenthall	No amendment	See amendment below in note 1	No amendment	N/A	N/A
Mr. Ciprian Ladunca	No amendment	See amendment below in note 1	No amendment	N/A	N/A
Mr. Nicholas Paris	No amendment	See amendment below in note 1	N/A	N/A	N/A
Mr. Ömer Tetik	No amendment	See amendment below in note 1	N/A	N/A	N/A
Mr. Martin Bernstein	No amendment	See amendment below in note 1	N/A	N/A	N/A

N/A was mentioned for the cases where the respective person was not a member of the Fund's Board of Nominees in the respective year or when the person was elected in the respective year and consequently the comparatives are not applicable.

Notes:

- Starting with 16 November 2022 the shareholders approved an increase of the gross monthly remuneration for each member of the Board of Nominees by 10%, from RON 24,123 to RON 26,535.30 (the “Base Monthly Remuneration”). The shareholders also approved an additional fixed gross monthly remuneration of 15% of the Base Monthly Remuneration, for the Chairperson of the Board of Nominees and an additional fixed gross monthly remuneration of 10% of the Base Monthly Remuneration, for the Chairperson of the Audit and Valuation Committee and for the Chairperson of the Nomination and Remuneration Committee.

The annual gross remuneration due by the Fund to the Board of Nominees in the last 5 years is presented in table below:

Total remuneration	2023	2022	2021	2020	2019
Amount in RON	1,703,556	1,386,213	1,434,117	1,376,217	1,407,175
Variation% YoY	+23%	-3%	+4%	-2%	-3%

The variations year-over-year during 2019 – 2022 were due to the periods when the number of Board of Nominees members was lower than 5 (the complete number), due either to their resignation or as result of the expiration of their mandates. The variation in 2023 vs. 2022 was due to the increase in remuneration approved during 15 November 2022 General Shareholders Meeting.

Fondul Proprietatea Performance (distributions to shareholders)					
	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Cash Distributions to shareholders (including dividends, returns of capital) – total gross amounts in RON	9,450,090,560	1,125,531,664	840,627,930	417,965,383	642,318,809
Variation% YoY	+740%	+34%	+101%	-35%	+28%
Buy-backs* in RON (including repurchases of own shares and GDRs either through daily trades or Tender Offers)	1,816,723,906	1,157,219,018	328,053,551	1,065,008,457	439,032,611
Variation% YoY	+57%	+253%	-69%	+143%	-68%

* The Buy-backs amounts comprise the acquisition cost at trade price, excluding brokerage fees and other acquisition related costs

Fondul Proprietatea Performance (year-end results)					
	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Annual net Profit/ (Loss) in RON as per audited IFRS financial statements	(904,097,086)	2,769,448,871	5,012,644,707	(102,978,968)	3,129,870,912
Variation% YoY	-133%	-45%	+4968%	-103%	+235%
NAV/share in RON (calculated as per FSA regulation, certified by the custodian)	0.6608	2.5701	2.2624	1.6974	1.7339
Variation% YoY	-74%	+14%	+33%	-2%	+23%
Share's Closing Price published by BSE	0.523	2.0400	1.9900	1.4500	1.2100
Variation% YoY	-74%	+3%	+37%	+20%	+37%

Note: NAV/share are for the last working day until and including 2021 and for the last day of the year starting 2022. Share's Closing Price are for the last trading day of the year.

The main contributor to the Fund's annual result and NAV is the net change in fair value of the Fund's equity investments. Thus, the loss recorded in 2023 was due the negative net change in fair value of the Fund's equity investments (mainly related to the valuation of the holding in Hidroelectrica SA at expected IPO proceeds), partially netted off by the gross dividend income from portfolio companies.

Chapter. VII. Environmental, social and governance (ESG)

The European Union has set in motion a legislative programme to make environmental, social and governance concerns a central plank of regulation in the financial services industry. As part of this package, the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector ('SFDR') was published in December 2019 and needed to be implemented by March 2021.

Within the meaning of Article 6 of the SFDR, the sustainability risks were not deemed relevant for the investment decision process due to the Fund's unique initial set-up as well as the current applicable regulatory framework, that imposes numerous investment restrictions, hence limiting the investment decisions. Also, the Fund has limited ability to consider sustainability risks in its investment decisions unless there are amendments to the governing regulatory framework of the Fund, which cannot be reliably estimated at the date of this report.

The EU's Regulation on the establishment of a framework to facilitate sustainable investment (the 'Taxonomy Regulation') was published in the Official Journal of the EU on 22 June 2020 and entered into force starting with 1 January 2022 in respect of climate change mitigation and climate change adaptation and with 1 January 2023 for provisions in respect of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Given the range of interpretations by different Member States as to what counts as a 'sustainable' investment, the European Commission considered that a common taxonomy was needed.

The investments underlying Fondul Proprietatea do not take into account the EU criteria for environmentally sustainable economic activities, including enabling or transitional activities, within the meaning of the Taxonomy Regulation.

Chapter VIII. Disclosure

This Report will be published on the Fund's website, www.fondulproprietatea.ro, and will remain publicly available, free of charge, for a period of 10 years from its publication, in accordance with the Issuers Law.

A paper version will be made available upon request to the Fund.

This report was reviewed by the financial auditor and discussed by the Board of Nominees on 25 March 2024 and is subject to the Fund's shareholders' advisory vote during 30 April 2024 Ordinary General Meeting of Shareholders.

Annex 1 – Remuneration paid by AIFM to its staff members in relation with Fondul Proprietatea during the financial year ended 30 September 2023⁵

Indicators	Amounts relating to the activity carried out in 2023 (n) (EUR)	Amounts paid during 2023 (n) (EUR)	Amounts payable during 2024 (n+1) or deferred (EUR)	No. of beneficiaries 2023	Amounts relating to the activity carried out in 2022 (n-1) (EUR)	No. of beneficiaries 2022
1. Remuneration for all members of staff of AIFM (including outsourced functions) in relation with Fondul Proprietatea for the financial year ended 30 September, out of which:	19,717,440	1,006,528	18,710,912	279	1,936,249	368
(a) Fixed remuneration	728,612	728,612	-	279	1,429,127	368
(b) Variable remuneration, except for performance fees	18,988,828	277,916	18,710,912	256	507,122	265
- in cash	8,086,570	215,447	7,871,123		389,766	
- other forms (restricted stock units and mutual fund units)	10,902,259	62,470	10,839,789		117,356	
(c) Variable remuneration representing performance fees	-	-	-		-	
2. Remuneration for the identified staff members (including outsourced functions) in relation with Fondul Proprietatea for the financial year ended 30 September	16,830,311	286,029	16,544,282		427,394	
(A) Remuneration for the members of the board of directors or of the supervisory board:	29,210	29,210	-		32,397	
(a) Fixed remuneration	16,122	16,122	-		15,168	
(b) Variable remuneration, except for performance fees	13,089	13,089	-		17,229	
- in cash	9,607	9,607	-		10,714	
- other forms (restricted stock units and mutual fund units)	3,482	3,482	-		6,515	
(c) Variable remuneration representing performance fees	-	-	-		-	

⁵ For avoidance of any doubt, the amounts included in Annex 1 are not paid by the Fund and do not impact in any way the financial statements of Fondul Proprietatea.

Indicators	Amounts relating to the activity carried out in 2023 (n) (EUR)	Amounts paid during 2023 (n) (EUR)	Amounts payable during 2024 (n+1) or deferred (EUR)	No. of beneficiaries 2023	Amounts relating to the activity carried out in 2022 (n-1) (EUR)	No. of beneficiaries 2022
(B) Remuneration for the Directors/ Senior management out of which:	16,762,719	218,437	16,544,282		354,391	
(a) Fixed remuneration	133,798	133,798	-		222,587	
(b) Variable remuneration, except for performance fees	16,628,921	84,639	16,544,282		131,804	
- in cash	6,670,167	52,454	6,617,713		84,680	
- other forms (restricted stock units and mutual fund units)	9,958,754	32,185	9,926,569		47,124	
(c) Variable remuneration representing performance fees	-	-	-		-	
(C) Remuneration for the members of staff with control responsibilities (compliance, risk management, internal audit)	38,382	38,382	-		40,606	
(a) Fixed remuneration	30,664	30,664	-		26,638	
(b) Variable remuneration, except for performance fees	7,718	7,718	-		13,968	
- in cash	4,653	4,653	-		5,836	
- other forms (restricted stock units and mutual fund units)	3,064	3,064	-		8,132	
(c) Variable remuneration representing performance fees	-	-	-		-	
(D) Other functions than those indicated at points (A)-(C), included in identified staff category	-	-	-		-	
(a) Fixed remuneration	-	-	-		-	
(b) Variable remuneration, except for performance fees	-	-	-		-	
- in cash	-	-	-		-	
- other forms (restricted stock units and mutual fund units)	-	-	-		-	
(c) Variable remuneration representing performance fees	-	-	-		-	

Source: FTIS

Note: where relevant, the information regarding the remuneration due/ paid by the AIFM to its staff in case of Fondul Proprietatea was allocated based on the Asset Under Management of the management company while the number of beneficiaries includes the total number of staff applicable to each category.

Annex 2 - Franklin Templeton International Services S.A R .L. ("FTIS") Remuneration Policy Statement

Purpose and scope of the Remuneration Policy Statement

FTIS is a management company licensed to manage UCITS funds and Alternative Investment Funds ("AIFs") and licensed to provide MiFID ancillary services to clients.

In accordance with Directive 2009/65/EC and with Directive 2011/61/EU the purpose of this Remuneration Policy Statement is to provide to investors details on the FTIS remuneration policy (the "Remuneration Policy"). A paper copy of the FTIS Remuneration Policy is available free of charge upon request at our office.

The Remuneration Policy of FTIS has been designed to align the personal objectives of staff with the long-term interests of FTIS and the funds and client accounts managed by FTIS. It aims at mitigating incentives practices which may encourage employees to take unnecessary risk.

The Policy applies to a certain category of staff called the Identified Staff which includes members of the Board of Directors, Conducting Officers, members of control functions, risk takers, and any employee with remuneration which takes them into the same bracket as Conducting Officers or risk takers whose activities have a material impact on the risk profiles of the Management Company, or the funds or client accounts it manages.

Description of the structure of remuneration

The remuneration includes a fixed and variable (performance related) component. Our remuneration policy ensures that performance related pay is designed to reflect success or failure against a range of targets which have appropriate risk-management and risk-mitigation as a key component. These targets include non-financial metrics and both qualitative and quantitative factors in determining actual compensation pay-outs. We consider, in particular, good stewardship and management of sustainability risks in the performance measurement of each member of our investment teams and include compliance with the firm's stewardship and ESG risk integration policies among the non-financial metrics which determine total compensation.

Fixed remuneration: Fixed remuneration is defined as base salary plus material company provided benefits which may include company cars, company pension contributions, private medical insurance premiums and life assurance premiums.

Base salary levels (including benefits) are set with reference to market benchmarking data (third party industry surveys), which are reviewed regularly.

Fixed salaries are set as a sufficiently high proportion of the total remuneration so that FTIS is able to operate a fully flexible bonus policy, including the possibility to pay no bonus.

Variable remuneration: Variable remuneration is defined as annual bonuses paid under the Annual Incentive Plan (AIP), Long Term Awards in the form of performance share grants and Sales Incentive payments. Bonus levels are set with reference to overall corporate and business unit performance as well as individual performance achieved in FTIS. Annual bonuses are funded under the corporate Annual Incentive Plan of Franklin Resources Inc., the ultimate parent company ("FRI"). The level of funding is dependent on overall FRI corporate performance and approved by the Compensation Committee of the FRI Board made up of five non-executive members of FRI Board (the "FRI Compensation Committee").

Annual bonus can be paid in cash, mutual fund shares or FRI shares or a combination, subject to restrictions and vesting determined by FRI Compensation Committee.

Sales incentives are discretionary sales bonus and is paid biannually. Deferral is applied in the case of key sales employees who have a material impact on the risk profile of the Management Company, funds or client accounts it manages.

Staff can be eligible for supplemental equity-based awards for retention purposes. These awards are typically limited to key functional positions.

Performance Measurement

Variable remuneration is performance related and is based on a combination of the assessment of the performance of the individual and of the overall results of FTIS and Franklin Resources Inc..

Identified Staff are required to record performance goals set by their management, and performance against these goals needs to be reviewed before any year-end compensation recommendations are made.

Goals need to be a balance of qualitative and quantitative goals. Examples of qualitative measures include:

- Grow and Learn
- Make Connections
- Leadership Effectiveness (for those with people leadership responsibilities)

The individual performance appraisal for staff members engaged in control functions is performed by their independent functional supervisor in accordance with the goals set for the relevant control department. This process is segregated from any person linked to the business area the control function has to monitor on an ongoing basis to avoid any conflicts of interest. No individual in scope of this policy has any influence on the compensation of control functions.

Measures have been implemented in order to promote sound and effective risk management, align the interests of the individuals and FTIS and avoid excessive risk taking.

Deferral: Awards to manager level and above are paid in a combination of cash and equity awards. Bonuses at these levels are subject to a deferral which can in case of very large bonuses increase to up to 100%. Vesting typically occurs over a 3-year period.

Equity portion: The equity portion is typically awarded as Franklin Resources Inc. stock.

Claw back provisions: Variable remuneration granted or earned can be taken back as a result of special circumstances, e.g. fraud or wilful misconduct on the part of the recipient.

Award process for remuneration:

A Remuneration Committee of the FTIS Board has been established comprised of 2 members of the FTIS Board and is chaired by a non-executive FTIS Board member. The Remuneration Committee is subject to Terms of Reference approved by the FTIS Board and has responsibilities which include the annual review and approval of variable remuneration proposed to be paid to the Identified Staff of FTIS.

The Franklin Resources Inc. (FRI) Compensation Committee will be apprised of the review and approval of the FTIS Identified Staff variable remuneration by the FTIS Remuneration Committee. The FRI Compensation Committee will then, during an appropriate meeting, review and approve the overall FRI bonuses and equity awards. The FRI Compensation Committee is composed of five members of the FRI's board of directors ("FRI Board") who are independent under applicable corporate governance standards of the New York Stock Exchange. The FRI

Compensation Committee meets at least once a quarter and periodically reviews the general principles of the FRI remuneration policy. Each year the FRI Compensation Committee sets the annual incentive compensation plan (AIP) pool by considering in particular factors such as FRI's pre-bonus operating income, the overall company performance (actual and projected) as well as investment performance, profitability growth and the overall market environment.

The AIP recognizes and rewards employees with an opportunity to share in Franklin Templeton's overall success. It is designed to link the achievement of individual and company results with measurable, objective rewards. At the end of each fiscal year, employees are evaluated on their performance measured by an assessment of competencies and achievement against predetermined goals. Incentives awarded through participation in this program are based on a combination of the individual's performance and the company's financial results.

Signatures:

25 March 2024

Johan Meyer

Permanent Representative

Franklin Templeton International Services S.à r.l. acting in the capacity of Sole Director and Alternative Investment Fund Manager of Fondul Proprietatea SA