

## **REMUNERATION POLICY OF THE MEMBERS OF THE BOARD OF DIGI COMMUNICATIONS N.V. (the *Company*)**

### **1. GENERAL**

1.1 The objective of this remuneration policy (the *Remuneration Policy*) is to provide remuneration in a manner that:

- qualified and expert directors can be recruited and retained;
- long term value is created for the Company and its group companies (the *Group* and each company in the Group a *Group Company*); and
- directors are rewarded in consistency with the Company's performance, without however encouraging directors to act in their own interest or to take risks that are not in line with the Company's strategy and its risk appetite; and
- takes into account the internal pay ratios within the Group.

1.2 This remuneration policy applies to both the executive and the non-executive members of the board of directors of the Company (the *Board*) and has been adopted by the general meeting (the *General Meeting*) on 20 April 2017.

1.3 Within the limits of this Remuneration Policy a committee established by members of the Board (the *Remuneration Committee*) will make a proposal for the remuneration of the individual directors, which shall be determined by the Board with due observance of this Remuneration Policy.

### **2. MARKET POSITIONING**

2.1 The market level of remuneration payable within a group of comparable telecommunications companies of more or less the same size (the *Reference Group*), will serve as a reference in determining the level of pay for the executive directors.

2.2 The Remuneration Committee shall periodically evaluate the composition of the Reference Group. The Board shall periodically consider the appropriateness of any change of base salary in the context of the market environment as well as the salary adjustments for other employees of the Group.

### **3. COMPENSATION EXECUTIVE DIRECTORS**

#### *Scope of application*

3.1 The principles set out below in relation of the compensation of the executive directors shall apply irrespective of whether the relevant service agreement is entered into by the Company or any other Group Company.

#### *Structure*

3.2 The remuneration structure of an executive director consists of up to four

elements:

- A fixed base salary
- A variable compensation, linked to performance, consisting of an incentive component in the form of stock options or in the form of a cash bonus
- Fringe benefits
- Severance arrangements

*Fixed base salary*

- 33 The net base salary of an executive or non-executive director will be EUR 100,000.

*Variable compensation*

- 34 The variable compensation component intends to encourage the executive director to focus on the Company's long-term value creation consistent with the Company's strategy and align (more closely) the interest of the executive director with those of the shareholders.
- 35 An executive director can therefore be awarded stock options under the ESOP as approved by the General Meeting on 20 April 2017. In addition, executive directors can also receive performance-linked cash bonuses subject to the criteria governing variable compensation.
- 36 The non-executive directors will decide upon each award of variable compensation, taking into account the financial, non-financial and individual performance for each individual executive director. The award made will be subject to financial and non-financial performance measures based on the Company's strategic objectives and key performance indicators as well as the executive director's specific responsibilities and their relative weighting. The metrics will be chosen to provide the closest link between an individual's remuneration and the Company's long-term objectives that are aligned with the Company's strategy and will be communicated with the executive director.
- 37 Unless the performance criteria are objective, at the end of each performance year, once the financial statements for that year are finalised, subject to continued service in good standing as an executive director until the payment date of the variable compensation, the non-executive directors will assess the extent to which each of the performance indicators has been achieved and will determine the variable compensation amount, to the extent such is based on the 'at target' and 'maximum' levels and/or will assess whether a partial payment is appropriate where the variable compensation amount was based on 'maximum' levels which were not reached. Achievement of both the financial and non-financial performance indicators is determined at the discretion of the non-executive directors except where such indicators are objective.
- 38 For the year 2017, the performance conditions for stock options granted under the equity incentive plan to executive directors in consideration of their

position in the Company, as approved by the General Meeting on 20 April 2017 are the following:

- Being a director or employee of the Company or its subsidiaries on the Vesting Date (as defined in the ESOP);
- (i) EBITDA of the Company as determined on the basis of IFRS financial statements for the year 2017 being at least 5% higher than EBITDA of the Company as determined on the basis of IFRS financial statements for the year 2016 and (ii) Number of revenue generating units of the Group, as defined and set out in the Annual Report of the Company for the year 2017, having increased by at least one unit when compared with number of revenue generating units of the Group, as defined and set out in the Annual Report of the Company for the year 2016; and
- the offer to the public, in Romania and to certain institutional and professional investors of class B ordinary shares (the *Class B Shares*) of the Company and admission of the Class B Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange having been completed and having occurred on or prior to 15 May 2018.

#### *Fringe benefits*

- 39 The Remuneration Committee can determine that the executive director is entitled to fringe benefits, such as a company car or allowances in respect of health and nursery insurance.

#### *Severance arrangements*

- 3.10 The duration of the current Board's management agreement is three years. The service agreements currently entered into with the members of the Board do not provide a notice period for the relevant director's benefit.
- 3.11 In case of a dismissal, executive directors shall, subject to mandatory law, not be entitled to any severance payment in excess of three month's base salary, unless the Board decides otherwise based on a recommendation of the Remuneration Committee, but will not exceed one year's salary (the fixed base salary) in the preceding financial year. Severance pay will not be awarded if the agreement is terminated at the initiative of the executive director or in the event of seriously culpable or negligent behaviour on the part of the relevant executive director.

#### *Clawback*

- 3.12 Pursuant to Dutch law, where variable remuneration for a given performance period has been based on incorrect data (including non-achievement of performance indicators based on hindsight) or in the case of material financial misstatements or individual gross misconduct, the non-executive directors have the right to reduce the payments that are not yet paid out or subject to deferral and to reclaim payments pertaining to these events that has already been paid out. The non-executive directors may furthermore adjust the

variable remuneration to an appropriate level if payment of the variable remuneration is unacceptable according to the requirements of reasonableness and fairness.

#### *Scenario analysis*

As part of the design of this Remuneration Policy, the non-executive directors have performed a robust scenario analysis to determine both the amount and composition of the remuneration of the executive directors, with due regard to both internal pay practices and the market positioning. In this respect, the Remuneration Committee requests each individual executive director for his views on the level and structure of his own remuneration, whereby such member shall take into account the Company's strategy, the scenario analysis performed, internal pay practices and shareholder value created. This input is considered by the non-executive director when setting the annual remuneration for the executive directors.

#### **4. COMPENSATION STRUCTURE NON-EXECUTIVE DIRECTORS**

##### *Fixed base salary*

- 4.1 Each non-executive director of the Company will receive net annual cash compensation of EUR 100,000.

##### *Variable compensation*

- 4.2 Non-executive directors who are directors in other Group companies or employees or other Group companies may, in consideration of such separate roles and/or positions, also be awarded stock options under the ESOP or variable cash compensation as determined by the Board in full compliance with conflict of interest rules.

#### **5. PENSIONS**

No contribution to pension plans (other than as required under applicable law) will apply.

#### **6. LOANS AND GUARANTEES**

No personal loans or guarantees, including mortgage loans, will be offered to any of the members of the Board.

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The Board will be competent to resolve upon the implementation of remuneration policies with respect to any member of the board of directors of any Group Company, as well as to selected employees or other individuals employed by any Group Company.