



S.C. Turism Felix S.A. Băile Felix
417500, Băile Felix, Sânmartin com., Bihor county, Romania
Trade Reg. No.: J05/132/1991
Tax Code: RO 108526
Subscribed and paid-up share capital: 49.130.670,90 lei



Head office: Băile Felix, 22 Victoria street, tel. 0259 318338, fax 0259 318297 e-mail: sctfelix@turismfelix.ro

web: www.felixspa.com

CORPORATE GOVERNANCE REGULATION of TURISM FELIX S.A.

CHAPTER I **Overview**

The company Turism Felix S.A. is registered at the Trade Register Office under number J05/132/1991, unique registration code RO 108526, with registered office in Băile Felix, Sânmartin com. Bihor county.

Turism Felix S.A. was established on 15.10.1990, on the structure of the former Complex of Hotels and Restaurants (CHR), functioning as a joint-stock company according to Law 31/1990 republished and Government Decision 1041/1990, with unlimited duration.

Between 1997 and 2005, the FPS and APAPS respectively transferred to SIF Transilvania and SIF Oltenia the entire share package held in the share capital of Turism Felix S.A.

Turism Felix S.A. is a publicly owned company, according to the terminology provided in Law 297/2004 on the capital market.

Since 1997 and throughout 2006, the company's shares have been listed and traded on the RASDAQ stock market under the symbol "TUFÉ". The record of shareholders and their shares is kept by the Central Depository, according to the provisions of Law 297/2004 and contract no. 7778/01.03.2007. On 19.02.2007, the company was admitted to trading on the regulated market administered by the Bucharest Stock Exchange S.A.

In line with the company's strategy, the share capital has been increased on several occasions, currently amounting to 49.130.670,60 lei, divided into 496.149.456 shares with a nominal value of 0,1 lei/share.

Turism Felix S.A. is a wholly privately owned company whose significant shareholders are SIF Transilvania - representing 63,75% of the share capital and SIF Oltenia - representing 29,26% of the share capital, the remaining shareholders being legal entities and individuals.

The company's assets are composed of 7 hotels with treatment centres and catering establishments, spas and swimming pools, parks and agreement areas.

Activity description

The object of activity of TURISM FELIX S.A. is set out in Article 6 of the company's Articles of Association. According to the CAEN classification, the main activity is *hotels and other similar accommodation facilities* - CAEN code 5510, consisting of spa treatment, accommodation, catering and recreation, domestic and international tourism, exploitation of thermal mineral water sources and their distribution on the basis of a licence for the concession of the right to exploit thermal waters.



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The perimeter of the exploitation of thermo-mineral water resources and reserves covers the entire Felix and Băile 1 Mai area. TURISM FELIX S.A. is solely responsible for the exploitation activities of the therapeutic mineral water reserves and may supply therapeutic mineral water to other entities on the basis of supply contracts concluded with them, as long as their activities do not influence its own exploitation activities.

In carrying out its core business, spa tourism, TURISM FELIX S.A. offers service packages, generally consisting of spa treatment, accommodation and meals. The service packages offered are different, depending on the specific target audience.

The basic treatment remains the classic balneological, balneophysical and medical rehabilitation treatment, but at the same time prophylaxis and wellness/wellness programmes are becoming increasingly important. To provide medical services, TURISM FELIX S.A. has treatment facilities in the International Hotel Complex****, Termal***, Poienița*** and Mureș**.

The treatment services are personalised and tailored to the health conditions/ problems of each tourist. The spa treatment and medical rehabilitation package includes medical consultations by medical specialists and the prescription of therapeutic procedures.

The treatments proposed in the treatment base are aimed at the following conditions: degenerative rheumatic diseases (spondylosis, coxarthrosis, gonarthrosis, polyarthrosis), inflammatory rheumatic diseases (ankylosing spondylitis, rheumatoid arthritis), rheumatic joint diseases (scapulohumeral periartthritis, tendonitis, bursitis), post-traumatic diseases, neurological diseases (disc disease, disc herniation, paresis, paralysis).

Treatment procedures include hydrotherapy, physiotherapy, stretching, electrotherapy, aerosol inhalation, thermotherapy, aromatherapy, massage therapy, etc., as recommended by the doctor.

On the borderline between medical and leisure services are the services of the wellness centres in the International, Termal and Apollo resorts, where you can enjoy relaxing aromatic baths, Jacuzzi, massage, sauna, solarium, salt room, cosmetic treatments with professional products and Gerovital anti-aging treatments, and which also have fitness/strength rooms. The International Wellness Centre also has an indoor thermal water pool with water beds and several whirlpools.

For accommodation services, the company owns 7 hotel structures, 5 of which are in operation, namely International****, Termal***, Nufărul***, Poienița***, Mureș**, and Someș** and Unirea** are in conservation. Each hotel structure has a restaurant.

The most popular leisure services throughout the year are the services offered by the Apollo Leisure Complex, which include indoor and outdoor thermal pools, playgrounds and a wellness centre. From May to September, these are supplemented by the services of the Felix Spa - thermal and swimming pools (cold water), children's pool, mini aqua-park (water slide with five lanes), beach volleyball and mini-football fields, and since 2010 the Venus Spa in Baile 1 Mai has been in operation, and is currently undergoing a modernization process.



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CHAPTER II
CORPORATE GOVERNANCE STRUCTURES
BOARD OF DIRECTORS , EXECUTIVE MANAGEMENT
ADMINISTRATION AND REPRESENTATION OF THE COMPANY

The company is managed on a unitary basis by a Board of Directors consisting of 5 members, temporary and revocable, natural persons and/or legal entities, as the case may be. The term of office of each director shall be determined by resolution of the ordinary general meeting of shareholders electing the directors and may not exceed 4 years. The members of the Board of Directors shall elect from among their number a Chairman and a Deputy Chairman.

The Board of Directors, through its Chairman, legally represents the company in relations with third parties and carries out its activity in accordance with the provisions of the company's articles of association and the legislation in force.

Nomination of members of the Board of Directors

The directors are appointed by the ordinary general meeting of shareholders, with the exception of the first directors, who are appointed by the articles of association.

Candidates for directorships are nominated by current members of the Board of Directors or by shareholders.

During their term of office, directors may not enter into an employment contract with the company. If the directors have been appointed from among the company's employees, the individual employment contract shall be suspended for the duration of the term of office.

Directors may be removed at any time by the ordinary general meeting of shareholders. If the removal occurs without just cause, the director shall be entitled to damages.

In the event of vacancy of one or more directorships, unless the articles of association provide otherwise, the board of directors shall appoint provisional directors until the ordinary general meeting of shareholders.

If the vacancy causes the number of directors to fall below the legal minimum, the remaining directors shall immediately convene an ordinary general meeting of shareholders to complete the number of members of the board of directors.

The Board of Directors has full powers in taking any management and administration decisions - according to the rule of business judgment - adopted in order to achieve the company's object of activity, except those that the law expressly gives to the general meeting of shareholders.

The rights and obligations of the directors and of the company in relation to the management activity shall be established under the conditions and within the limits of the law by a management contract, the content of which shall be approved by the ordinary general meeting of shareholders (AGM).

The remuneration of the members of the Board of Directors consists of two main elements: fixed remuneration and variable remuneration, in accordance with the Company's Remuneration Policy approved by the shareholders on 09.04.2021.



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The fixed monthly remuneration of the members of the Board of Directors shall be determined by resolution of the O.G.M.S. for each financial year and is unconditional on the fulfilment of performance criteria.

Members of the Board of Directors who are members of the Board's advisory committees receive an additional remuneration, in accordance with the legal provisions and the Company's Articles of Association, i.e. 10% of the monthly remuneration of the member in question, regardless of the number of committees of which he/she is a member.

Variable remuneration is an additional compensation paid by the Company taking into account qualitative and quantitative performance criteria set by the Ordinary General Meeting of Shareholders approving the previous financial year. The maximum amount for variable remuneration is approved by the O.G.M.S. and may not exceed 7.5% of gross profit.

Each member of the Board of Directors must expressly accept the exercise of the mandate entrusted to him and take out professional liability insurance within the limit set by the General Meeting of Shareholders. The insurance premiums shall be borne by the company.

The Board of Directors shall meet at least once every 3 months, convened by the Chairperson or Vice-Chairperson. The Administrative Board may also be convened at the reasoned request of at least two of its members or of the Chief Executive Officer, whenever such a meeting is necessary, and the agenda shall be proposed by the authors of the request. The President or Vice-President shall be obliged to comply with such a request.

Notice of the meeting of the Board of Directors shall be sent to the directors at least 5 days before the proposed date of the meeting. The notice of the meeting of the Board of Directors shall be sent to each member in writing by fax or e-mail to the fax or e-mail addresses of the members of the Board of Directors.

Directors shall exercise their mandate personally, loyally and in the best interests of the company.

By way of exception, a director may represent only one absent director at board meetings, on the basis of a special proxy valid for a specific board meeting only.

Meetings of the Board of Directors shall be held at the registered office of the company or at any other place indicated in the notice of meeting and shall be chaired and conducted by the Chairman or, in the event of his physical or legal impediment, by another director designated by the Chairman or elected at the meeting for this purpose.

Decisions of the Board of Directors shall be valid if they are taken in the presence of a simple majority of the directors in office, by a majority vote of the members present or represented. In the event of a tie, the vote of the Chairman shall be decisive.

Participation in the meetings of the Board of Directors may also be by means of remote communication by teleconference, unless two thirds of the directors object. No decisions relating to the annual financial statements or the authorised capital may be taken at this meeting.



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In exceptional cases, justified by the urgency of the situation and the interests of the company, decisions of the Board of Directors may be taken by a unanimous vote of the members expressed in writing, without the need for a meeting of that body.

According to the Company's Articles of Association, the Board of Directors may create advisory committees, consisting of at least two directors, charged with conducting investigations and making recommendations to the Board. The establishment of an audit committee is mandatory. Currently, two committees are set up within the Board of Directors, namely the Audit Committee and the Nomination and Remuneration Committee, whose rules of organisation and operation are available on the company's website, Corporate Governance section.

The Board of Directors may conclude legal acts in the name and on behalf of the company for the acquisition, disposal, exchange or pledging of assets whose value does not exceed, individually or cumulatively, during a financial year 20% of the total fixed assets, less receivables.

Directors shall be entitled to be reimbursed by the company for all expenses incurred in connection with their travel to and attendance at any meeting of the board of directors and for any activity related to the management and administration of the company. The amount of the amounts to be settled shall be laid down in the management contract.

Members of the Board of Directors may be removed at any time by the general meeting of shareholders for cause. Just cause for dismissal shall constitute just cause:

- Any action or inaction by which it culpably (culpably or intentionally) breaches any of the obligations assumed and/or incumbent on it in this capacity under the law, the resolutions of general meetings and the articles of association;
- Failure to meet the objectives set by the general meeting of shareholders, in particular the provisions of the income and expenditure budget;
- O.G.M. resolution to reorganize/restructure the statutory governing bodies of the company by changing the number of members of the Board of Directors or the form of management;
- Change in the shareholding structure in the sense of a reduction in the shareholding of one of the shareholders (by partial or total sale of the shareholding, share capital increase, merger, division, etc.);
- Removal of incumbent directors who have not been reconfirmed by cumulative vote on the new Board of Directors.

In the event of a vacancy of one or more directors, the other directors, acting by an absolute majority, shall appoint a provisional director until a general meeting is convened.

If the above vacancy causes the number of directors to fall below the legal minimum, the remaining directors shall immediately convene a general meeting to complete the number of board members.

EXECUTIVE MANAGEMENT - Directors of the company

The Board of Directors delegates part of the management of the company to one or more directors, appointed from among the directors or from outside the Board of Directors, appointing one of them as Managing Director.



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Nomination of directors:

Directors may be appointed from among the directors or from outside the board.

If the articles of association or a resolution of the general meeting of shareholders so provide, the chairman of the board of directors of the company may also be appointed managing director.

The directors are responsible for taking all measures relating to the management of the company, within the limits of the company's object of activity and in compliance with the exclusive powers reserved by law or by the articles of association to the board of directors and the general meeting of shareholders.

The organisation of the directors' work may be laid down in the articles of association or by decision of the board of directors.

Any director may ask the directors for information on the operational management of the company. The directors shall keep the board of directors regularly and comprehensively informed of the operations undertaken and those contemplated.

Directors may be dismissed at any time by the Management Board. In the event of removal without just cause, the Director concerned shall be entitled to damages.

The relationship between the director(s) and the company is governed by the commercial mandate contract, signed on behalf of the company by a director appointed for this purpose by the board of directors.

The contract of office of the Managing Director(s) may be concluded for a period of up to 4 years, as decided by the Management Board, and may be renewed for further periods of up to 4 years.

The Managing Director shall be responsible for taking all measures relating to the day-to-day management of the company, within the limits of the company's object of activity and in compliance with the exclusive powers reserved by law or by the articles of association to the Board of Directors and the General Meeting.

The remuneration of the Company's directors consists of two main elements: fixed remuneration and variable remuneration, in accordance with the Company's Remuneration Policy approved by the shareholders on 09.04.2021.

The limits of the fixed monthly remuneration of the executive directors are set out in the Company's Articles of Association and range between 7 and 15 gross average salaries earned per company in the previous financial year. The actual level of remuneration shall be determined by the mandate contract.

The variable remuneration is an additional allowance that is granted taking into account qualitative and quantitative performance criteria set by the Ordinary General Meeting of Shareholders approving the previous financial year. The maximum amount for variable remuneration is approved by the O.G.M.S. and may not exceed 7,5% of gross profit.

The powers, rights (including remuneration) and responsibilities of the director(s) are set out in the mandate contract with the company.



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Each director must take out professional indemnity insurance. The insurance premiums are borne by the company.

GENERAL MEETINGS OF SHAREHOLDERS

CONVENING AND ORGANISING GENERAL MEETINGS OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme governing body of the company, which decides on the company's activities and sets and ensures the economic and market policy. Meetings are ordinary and extraordinary.

The powers exercised by ordinary and extraordinary general meetings are those provided for in the Companies Act. Whenever a resolution has to be passed on a matter which is not provided for by law as falling within the competence of one of the two forms of general meeting and it does not appear from the analysis of the matter that it relates to the day-to-day management of the company, it is deemed to fall within the competence of the extraordinary general meeting.

For the deliberations of the ordinary general meeting of shareholders to be valid, at the first convocation, the shareholders present or represented must hold at least half of the total number of voting rights, and resolutions shall be validly passed by a majority of the votes cast by the shareholders present or represented and entitled to vote.

If the ordinary general meeting is unable to work because the conditions laid down in the previous paragraph are not met, the meeting to be convened at a second convocation may decide on the items on the agenda of the first meeting, irrespective of the quorum present, by a majority of the votes cast.

In order for the deliberations of the extraordinary general meeting of shareholders to be valid, at the first convocation, the shareholders present or represented must hold at least half of the total number of voting rights, and at the second convocation, the presence of shareholders representing at least one third of the total number of voting rights is required for deliberations.

Resolutions of extraordinary general meetings shall be passed by a majority of the votes cast by the shareholders present in person or represented, except in cases where the law requires a higher quorum and majority.

Ordinary or extraordinary general meetings shall be convened by the board of directors whenever necessary and at the request of shareholders entitled by law, if their request contains provisions falling within the powers of the meeting.

The content of the notice of meeting, the procedure for its publication, the manner of presentation of the materials to be discussed at the meeting, the rights and obligations of the shareholders to participate in the general meeting are regulated by law.

The proceedings of general meetings of shareholders may be held, at the proposal of the board of directors, as set out in the notice of the meeting, at an address other than the registered office.



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COMPANY SHAREHOLDERS

Rights of holders of shares

The shares issued by the Company are registered, indivisible, dematerialized and freely transferable and are traded on the Bucharest Stock Exchange (B.V.B.), on the Main segment, within the Standard category, under the symbol TUFÉ. The shares are issued at a nominal value of 0.10 lei/share.

The shares are held by individuals and legal entities, the significant shareholders being SIF Transilvania - representing 63,13% of the share capital and SIF Oltenia - representing 28,97%.

The register of the Company's shareholders is kept, on a contractual basis, under the conditions provided by law, by the company Depozitarul Central S.A.

Each share held entitles the holder to one vote at general meetings of shareholders of the company.

In accordance with the legal provisions, if a shareholder acquires or disposes of shares issued by the Company, he/she must notify the Company of the percentage of voting rights he/she holds as a result of the acquisition or disposal in question, when that percentage reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33%, 50% and 75%. Within 3 working days of receiving the notification, the Company shall publish on its website the notifications received from shareholders.

TURISM FELIX S.A. respects the rights of holders of securities and ensures equal treatment for all holders of securities of the same type and class, providing them with all relevant information so that they can exercise all their rights in a fair manner.

Holders of securities must exercise the rights conferred by the securities in good faith, respecting the rights and legitimate interests of the other holders and the best interests of the company, otherwise they shall be liable for damages.

The basic rights of shareholders are those provided for in the Romanian capital market legislation and in the relevant European regulations, respectively: the right to participate and vote in general meetings of shareholders, the right to have access to sufficient information on the issues submitted to the approval of the general meeting, the right to ask questions on the items on the agenda of the general meeting, the right to call a general meeting of shareholders under the conditions provided by law, the right to place items on the agenda of the general meeting, the right to submit draft resolutions for items included/proposed to be included on the agenda of the general meeting, the right to dividends and the right to be informed about the company (regular and continuous information provided for by capital market legislation).

Shareholders participate in the profits and losses of the Company according to their share in the share capital. The share of the profit payable to each shareholder shall constitute a dividend.

Dividends shall be distributed to shareholders in proportion to their share of the paid-up share capital, unless the articles of association provide otherwise. They shall be paid within the time limit



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set by the general meeting of shareholders or, as the case may be, by special laws, but not later than six months from the date of approval of the annual financial statement for the financial year ended.

Dividends may only be distributed from profits determined in accordance with the law.

All holders of shares issued by TURISM FELIX S.A. will be treated fairly. All shares issued confer equal rights on the holders; any change in the rights conferred by them shall be subject to the approval of the holders directly affected.

TURISM FELIX S.A. facilitates the participation of shareholders in the work of general meetings of shareholders and the full exercise of their rights.

For shareholders who are unable to attend general meetings of shareholders, the Company offers the possibility of absentee voting by proxy/special authorisation and voting by correspondence.

The company provides shareholders with relevant information in real time on the company's website www.felixspa.com, in a specially created section called *Corporate Governance/Investors*, which is easily accessible and constantly updated. The section is structured in such a way that it contains all the information required by security holders, i.e. information on general meetings of shareholders, financial reporting calendar, periodic and current reports, etc. Contact with the company's shareholders is ensured at all times, with replies to their queries by telephone, letter or e-mail. The company also has specialised internal structures for shareholder relations.

The company's internal and financial auditors

The company will organise its internal audit activity, in accordance with the legal provisions in force, contracting for this purpose the services of an auditor, whether a natural person or a legal entity, as it sees fit.

The internal auditor shall be required to attend meetings of the board of directors and to report to the board of directors any irregularities in the administration and any breaches of legal provisions and of the provisions of the articles of association which he finds, and to report to the general meeting in more important cases. This body is also obliged to carry out unannounced and thematic checks on any of the company's activities and departments, informing the administrators of the findings and proposing the necessary measures to eliminate the shortcomings and optimise specific activities.

The financial statements are subject to audit.

The operations provided for in the previous paragraph shall be carried out by a statutory auditor, natural or legal person, member of the Chamber of Financial Auditors of Romania, appointed by the ordinary general meeting of shareholders, auditor with whom a service contract shall be concluded, the remuneration and duration of the contract being established by the O.G.M.S. His activity is carried out in accordance with the legal provisions in force and the specific professional rules.



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CHAPTER III

TRANSPARENCY, FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

TURISM FELIX S.A. carries out all the reporting required by the regulations applicable to companies traded on the capital market.

Through its current reports, the company informs shareholders and investors of all important events in which it is involved.

Financial reporting is carried out on the dates set out in the financial reporting calendar which is submitted to the Bucharest Stock Exchange and posted on the company's website.

The company informs its shareholders and investors about developments in the company's economic situation by means of press releases.

Internal control and risk management :

Ensuring responsible management from an environmental, social, personal and control point of view of all activities carried out in the company and the management of the associated risks is focused on the further development of the internal control environment within the company.

Within the company there is a specialised department called "finance", reporting to the economic director, consisting of 4 employees, the head of the department having as main specific tasks: supervision of the accounting operations of the departments, in particular the financial control systems and the maintenance of a financial control system over accounting transactions.

The company also has an IMS (Integrated Management System) department, under which specialised departments for quality assurance and control, occupational health and safety are located.

Within the company, the internal audit function is outsourced and carried out in accordance with the applicable legal requirements, in compliance with the international auditing standards approved by the Chamber of Financial Auditors of Romania. The duties of internal audit in relation to the financial reporting process include:

- verifying compliance of the company's activities with its policies, programmes and management, in accordance with legal provisions;
- assessing the adequacy and application of financial and non-financial controls in order to increase the efficiency of the economic entity's activity;
- protecting balance sheet and off-balance sheet assets and identifying methods of preventing fraud and losses of any kind.

The management of the company is controlled by its shareholders and by the external financial auditor, according to the legal regulations valid in Romania.

The notion of 'risk' is closely linked to that of 'control', and has proved its effectiveness.

The strategic requirements of safety and business continuity lead the company to address risk management by identifying and addressing potential losses before the triggering events occur, with



specific technical, operational and financial solutions prepared in advance to counteract these potential losses.

In addition to the risks mentioned in the previous paragraphs, other types of risks have been identified, including:

Operational risks

The Company's results and business may be affected by specific operational risks, including the following:

- degradation of materials/goods due to inadequate storage space;
- escalation of the criminal phenomenon of theft of valuable materials/goods.

The level of operational risk of asset degradation is a low tolerability risk, which has required management checks and controls and continuous verification of services provided.

The level of operational risk analysed was low, it is a low tolerability risk for which short-term measures have been established to keep it under control.

Staff risk and the payroll system

The staffing risk is that in the future, society will face an increasing shortage of qualified staff due to the departure of employees for natural and social reasons.

In 2020, given the economic context, labour migration, lack of skilled labour, the company has focused all its attention on retaining skilled staff, but also on training new staff. Thus, in order to maintain within the company the qualifications necessary to provide the services in the company's portfolio, recruitment activities were carried out to train personnel in professions that are in short supply on the labour market.

The level of this risk analysed was medium, it is a risk with high tolerability for which measures to keep it under control are established in the medium and long term through personnel policy and monitoring of staff turnover (entries/exits into/from the company).

Credit risk

Credit risk is the risk that the company will incur a financial loss as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations, and this risk arises primarily from the company's trade receivables, cash and cash equivalents and short-term investments.

The company only conducts business with recognised third parties, which justify the financing during the period of the credit (advances), which are guaranteed by various forms of collateral.

Financial assets that may subject the Company to collection risk are mainly trade receivables, cash and cash equivalents and short-term investments. Net receivables (excluding impairment adjustments) represent the maximum amount exposed to collection risk.

Given the general economic context, the level of this risk analysed was medium, for which the company applies special measures to keep it under control (monitoring the collection of trade



receivables, notifying overdue customers, calculating penalties according to contractual clauses, taking legal action against defaulting customers).

Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments bear interest at market rates and therefore their fair values are not considered to differ significantly from their carrying amounts.

Liquidity risk

Liquidity risk is managed by the company's management by applying a policy of permanent assurance of financial liquidity at maturity. This is a highly tolerable risk for which the measures designed to keep it under control are limited to close monitoring of liquidity risk exposure, maintaining sufficient cash and available credit lines. The Company seeks to maintain flexibility in funding possibilities through the support of the majority shareholder.

Currency risk

The Company may be exposed to foreign exchange rate fluctuations through cash and cash equivalents, foreign currency receivables, long-term borrowings or trade payables denominated in foreign currencies.

The functional currency of the Company is the Romanian Leu. The Company is currently exposed to currency risk through cash and cash equivalents and purchases made in currencies other than its functional currency. The currencies that expose the Company to this risk are mainly EUR, USD and GBP. Foreign currency liabilities are subsequently denominated in RON at the exchange rate on the balance sheet date, as communicated by the National Bank of Romania. The resulting differences are included in the profit and loss account but do not affect cash flow until the debt is settled. The company's exposure to foreign exchange risk was insignificant, the risk being considered tolerable. Due to the associated costs, the Company's policy is not to use derivatives to mitigate this risk.

Risks to actions

From the point of view of the value of the transactions carried out or the market capitalisation, the Bucharest Stock Exchange can be considered a small stock exchange, compared to other stock exchanges in the world, thus there are risks related to the low liquidity of the market as well as the high volatility of the price of the shares traded.

Low market liquidity may make it impossible to buy or sell the Company's shares without having a significant impact on the share price, thereby also generating high volatility in the share price.

The risk of correlation with global market developments

Events on the global financial market have a direct and indirect impact on the evolution of the Romanian economy, which is reflected in the evolution of the Romanian capital market in recent years. Therefore, global developments affect both the company's activity and its evolution on the capital market.

Legislative risks



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The results of the company's initiatives are difficult to predict and may suffer from legislative instability in Romania. Frequent changes in legislation, including those that have a direct impact on the company's business, can create risks for the company.

The level of this legislative risk analysed was high, it is a medium tolerability risk for which measures have been established to keep it under control through continuous participation in specialised information and training.

Risk related to the regulatory and licensing framework

The main activity of the company involves obtaining and renewing the authorizations that regulate the company's activity, obtaining the necessary authorizations, approvals and certificates for the activity carried out.

The level of risk determined by the regulatory and licensing framework analysed was medium, it is an intolerable risk for which urgent measures have been established to bring it under control by monitoring the expiry dates of the respective authorisations/licences/certifications and taking steps to renew them.

Litigation risks

The company is subject to a number of legal actions arising in the normal course of business (commercial litigation). The level of risk is low, with low tolerability, as the Company's management considers that these actions will not have a significant adverse effect on the Company's economic results and financial position.

CHAPTER IV

CONFLICT OF INTEREST AND SELF-DEALING ("SELF-DEALING")

The Board of Directors implements best practices to ensure substantial procedural fairness in transactions with stakeholders (self-dealing).

To this end, at least the following criteria will be considered:

- maintaining the power of the Board of Directors to approve the most important transactions;
- requesting a prior opinion on the most important transactions from internal control structures;
- entrusting the negotiation of these transactions to one or more independent directors (or directors who are not connected with the parties involved);
- the use of independent experts (possibly selected by the independent trustees).

CHAPTER V

CORPORATE INFORMATION REGIME

Members of the Board of Directors, executive management and employees of the company who have access to corporate information will enter into confidentiality agreements with the company, which will bind them to respect the corporate information regime.



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From the company's perspective, Corporate Governance is the set of rules, systems and processes implemented to establish the relationship between shareholders, management, customers, employees, suppliers and other stakeholders in order to set goals and how they are achieved, increase economic performance and, therefore, the value of the company. It highlights the effectiveness of management systems, namely the role of the Board of Directors and Executive Management, the responsibilities and remuneration of their members, the credibility of financial statements and the effectiveness of control functions.

The company establishes, annually reassesses and publishes on the website the governance principles that ensure that it carries out its activities within an appropriate framework that meets the legal and regulatory requirements of the Romanian legislative framework, the guiding principles and best practices in the field. The Corporate Governance Report presents an annual assessment of how the general governance principles and policies are implemented and reflected by presenting the corporate governance structure, including how they are transposed and how they are applied.

The Board of Directors provides oversight, management and coordination of the work of Executive Management, and the Company's management structure provides operational management.

Executive management defines, oversees and implements a business management framework that ensures the effective and prudent management of the company. I

Their powers and duties are regulated by the Articles of Association, by the Organisational and Operating Regulations of each of them, as well as by the Company's Operating Regulations.

Inside information, list of insiders, personal transactions with TUFÉ shares, etc., are controlled in accordance with applicable regulations in force

CHAPTER VI

CODE OF ETHICS AND INTEGRITY/ CONDUCT CRITERIA

Ethical conduct is one of the essential components of the functioning of Felix Tourism, and the ethical foundations are the result of these inherent aspirations. The company is committed to conducting business in a fair manner, based on a culture of ethics and compliance. Meeting social needs is central to the way the company conducts its business.

In the long term, the company can successfully meet the challenges of the competitive marketplace by accepting the imperatives of moral responsibility, both as individuals and as a Company.

The Company can ensure the trust of its employees, customers, shareholders, business partners, communities and every external stakeholder and ensure the Company's reputation through ethical conduct and full compliance with the law.

The Company has a "zero tolerance" policy for any form of conduct that contravenes the Code of Conduct or the Business Conduct Guidelines.



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Thus, the company makes every effort to prevent the occurrence of any form of conduct that contravenes the Code or the Business Practices Directives and to put an end to any such conduct as soon as possible after its discovery.

The Society has imposed a number of general conduct criteria, as follows:

- No incorrect payments are made. In dealings with public officials, political parties or their officials or in dealings with any private/state sector worker, no sums or other benefits are ever offered, promised or given, either directly or through intermediaries, to obtain the conclusion of business deals.

- No gifts, money, favours or services are offered or received to/from current or prospective business partners that could be considered to influence business transactions, that are not part of the customary hospitality obligations or that are prohibited by applicable law and that influence business decisions.

- No agreements are entered into with actual or potential competitors to fix or fix prices or allocate products, markets, territories or customers.

- No current or future information regarding price, profit or cost limits, offers, market share, distribution practices, sales terms, customers or specific distributors is obtained or shared with competitors.

- Not acting in a manner that unfairly favours or benefits one customer over another competing customer.

- Research methods - investigation of marketing information (opinion questionnaires, booking evaluations) are used to determine customer satisfaction with how they perceive the quality of the products and services they have received. The results of the research are necessary information for the management of the company in order to make decisions on improving the quality of our products and services.

Criteria for dealing with customers:

- We build lasting relationships with our customers, based on trust and mutual respect, demonstrating solicitude, fairness, courtesy, professionalism.

- We are committed to guaranteeing the quality and safety of our products and services, according to:

* quality prescribed by SMCSA documentation (certified according to SR EN ISO 9001:2015);

* legal provisions in force;

* according to the requirements and expectations of customers, to their satisfaction.

- We are obliged to respond promptly to all customer enquiries, complaints and requests, either by direct response or by rapid means of communication (booking, e-mail, fax, telephone).

According to the system procedure, handling of customer complaints, responses to online complaints are sent to customers within 24 hours, online complaints are monitored (identification, registration, investigation, corrective action, resolution).



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TURISM FELIX S.A. has gained prestige on the tourism services market by promoting high quality standards of accommodation, food, spa treatment and leisure services, enjoying notoriety, credibility and recognition, both nationally and internationally.

The company has acquired international certifications such as **TÜV**, **ISO 9001** and **EUROPESPA-med**, guarantees for the high quality of the services offered.