

Pursuant to the provisions of the Corporate Governance Code, the Management and Supervisory Boards of Petrol d.d., Ljubljana jointly developed and adopted the Petrol d.d., Ljubljana, Corporate Governance Policy on 23 November 2010, which was updated on 12 December 2013, 11 December 2014, 15 December 2016, 14 December 2017, 13 December 2018 and 12 December 2019; on 28 January 2021, a new updated version of the

## **Petrol d.d., Ljubljana, Corporate Governance Policy,**

setting out the core orientations of Petrol d.d., Ljubljana governance, taking into account long-term company objectives, was adopted; within the legal and statutory provisions, the Boards commit to and publicly disclose the manner of management and supervision of the company.

With this document, the Management and Supervisory Boards publicly disclose the manner of governance and supervision of the company during the adoption period until the amendment hereto. This document is available at the company's website; versions updated with current corporate governance orientations will also include the date of the last update.

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### **1. Core governance orientations**

Petrol group forms a corporate group with the controlling company, Petrol d.d., Ljubljana, and controlled companies, joint ventures and affiliated companies in the countries of Central and South-Eastern Europe. The activities of the Group companies are dominated by the sale of petroleum products. Petrol's core development activity is the introduction of new energy activities; other activities are focused on trade, environment and other activities. The sustainable development of the Petrol Group is founded on respect for the natural environment and partnership with the wider society (more at [www.petrol.si](http://www.petrol.si)).

Governance orientations are in line with the vision, mission, values and strategies set out in the company's business plans and other documents, which define the Petrol Group as a holder of quality, business excellence and sustainable development, with a significant impact on the wider community and all stakeholders.

Petrol d.d., Ljubljana governance bodies include the Management Board, the Supervisory Board and the General Meeting.

The company has a two-tier governance system, according to which it is managed by the Management Board, whose operations are supervised by the Supervisory Board.

## 2. Reference governance code

The company complies with the Slovenian Corporate Governance Code, as a reference code, which was developed and adopted by the Ljubljanska borza, d.d., Ljubljana and the Slovenian Directors' Association on 27 October 2016. The Code is available at the Ljubljana Stock Exchange website <http://www.ljse.si/> in Slovenian and English.

## 3. Stakeholder groups, communication and cooperation strategy

Petrol d.d., Ljubljana key stakeholders are employees, shareholders, analysts, customers, suppliers, creditors, local and wider communities, state authorities, the media and controlled companies. We establish and maintain trust and cooperation with all stakeholders upon ensuring a sustainable balanced consideration of all three building blocks of the sustainable orientation: economic, social and environmental. We also demonstrate our commitment to sustainable development with the Responsible Care® certificate.

### 3.1. Employees

We demonstrate our care for our employees through a range of activities through which we enhance the company's values, build an organisational culture and maintain a stable organisational climate. We ensure good working conditions and safe workplaces, protect occupational health and support employee personal development.

Motivated and committed employees provide a significant competitive advantage of the company and are a key success factor. We are aware that appropriate communication significantly contributes to a good working atmosphere and employee motivation; in this respect, the company ensures activities that enable creative cooperation and transfer of information to employees. We regularly inform our employees of market developments and the industries we control, business activities and events in the Petrol Group companies.

Communication with employees is made in different ways and at different levels:

- At **Petrol conferences**, a wide base of employees become familiar with the company development strategy, objectives and operating results achieved in individual periods; the base of employees then transmits information to all employees;
- The participants at regular monthly or weekly **meetings and colleges** interactively inform employees about information in connection with their daily work;
- At **extended management meetings and daily retail as well as wholesale meetings**, the management discusses business operations with employees and forwards them other up-to-date information;
- Miscellaneous notices, news, internal competitions and invitations for employees and their family members are published at **the internal website** (intranet);

- Furthermore, information is communicated through **the internal newspaper, notices on information displays** and through **electronic notification** of information in connection with employee work,
- The managers exchange views with employees and answer employee questions and initiatives within the context of **the annual survey** on organisational climate and employee satisfaction;
- At **internal training programmes**, employees become familiar with business processes, vision, strategy and objectives of the company, business systems and different tools for quality, more efficient and safe operations, good internal business practices and most successful examples. Employees actively participate and take initiatives,
- Employees individually discuss their professional goals and development with managers within the context of **regular annual interviews**;
- Communication with employees also takes place **through employee representatives**: works council, trade union, worker director.

### 3.2. Shareholders

The company ensures a governance system that complies with the principle of equal treatment of shareholders and enables responsible exercise of shareholder rights. The key objective of the joint-stock company is to maximise the company's value in the long run and thus create value for shareholders in the long run upon considering the social and environmental aspects of operations.

The company's capital policy is based on long-term shareholder return maximisation and is one of the most important development strategy objectives. We ensure a stable dividend policy with a balance between dividend yields and the use of free cash flow to finance the Petrol Group investment plans, which ensures long-term growth and value maximisation for shareholders.

The company has established means of informing the public upon ensuring equal, timely and economical access to all relevant information to shareholders and the public alike. In this way, Petrol creates shareholder trust in the company. At Petrol, we comprehensively and regularly communicate with the existing and potential shareholders, both small and institutional investors, according to the method described.

Forms of communication with shareholders:

- General meetings, including the organisation or participation in the organised collection of authorities to vote at the general meeting - when convening the general meeting, the [skupscina@petrol.si](mailto:skupscina@petrol.si) e-mail address is available - meetings with potential investors at the company headquarters;
- Company representatives' participation at investment conferences at home and abroad;
- Individual meetings, telephone conversations and conferences with investors and analysts following the publication of periodic operating results and other important business events;
- Press conferences at the time of the announcement of operating results and at other significant corporate and other events;

- Communication with finance media;
- SEOnet electronic notification system of the Ljubljana Stock Exchange;
- Petrol specific e-mail address for investors: [investor.relations@petrol.si](mailto:investor.relations@petrol.si)
- Petrol website [www.petrol.si](http://www.petrol.si) with a separate section "for investors";
- Publication of Petrol newspaper and thus informing the interested public through this kind of medium.

### 3.3. Financial analysts

Financial analysts represent one of the key groups of the expert financial public. With their expert contributions, they appear in different media and specialised information systems of leading financial information providers and thus affect public opinion. Publicly available analyses, forecasts and recommendations drawn up by specific financial institutions can significantly improve decision-making for buying or selling certain securities. A specific organisational unit is responsible to communicate with analysts; however, the members of the Management Board also attend all important meetings with financial analysts.

### 3.4. Customers

At Petrol, we are aware that relationship with customers is a key lever of business success. However, we further upgrade the relationship with customers by ensuring the quality of products and services. The Petrol Group operations are based on enforcing quality standards, which reflect in a certified integrated quality system. We pursue our vision to provide a comprehensive range of energy products and services. Customers, satisfied with the level of services, attract new customers, and we can proudly say that we are one of the leading companies that set operating milestones and standards. Not only wholesale customers, who enjoy our particular attention, but each and every ultimate consumer becomes part of a large "Petrol family" that already includes virtually all residents in market areas in which we are present, as a result of the diverse offer and type of activities we are engaged in.

There is no need to place particular emphasis on the fact that we provide customers with information about the quality of our fuels and the efficient use of energy through personal contacts of our qualified sales representatives as well as the media.

### 3.5. Suppliers

In supplier selection, Petrol pursues mutual, correct and ongoing commercial partnership. In this respect, we are oriented towards reliable provision of quality goods and services at the appropriate price and under the relevant conditions. In communicating with suppliers, we introduce innovative processes using modern applications and technologies. This enables purchase channel rationalisation, higher quality and reliability of the entire supply chain.

### 3.6. Creditors

In dealing with creditors, we strictly adhere to a series of principles, which increase creditors interest in long-term and stable cooperation. Inter alia, this includes the principle of settling all liabilities within

legal and contractual deadlines and the principle that due to the company's good name we do not pledge our real and other assets in order to secure payments; in principle, suppliers are willing to sell us goods and services without securing payments with financial instruments; moreover, we adhere to other principles of best management practices.

By carefully planning the cash flow and managing the optimal capital structure, we ensure company short-term and long-term solvency, which enables us to fulfil our commitments in connection with creditors in a responsible way.

Long-standing activities and good practices have made us a reliable partner, also of interest to new customers; this enables us to achieve competitive pricing, payment and credit conditions.

### **3.7. Local and wider community**

As a result of their activity, Petrol and Petrol Group companies form part of the daily rhythm of most local communities and the wider community; therefore, we support projects in science, education, culture and sports as well as environmental and humanitarian projects through sponsorships, donations and other forms of cooperation, also on an economic basis. We pursue mutual objectives and partnership, oriented towards sustainable development, based on an open-ended dialogue and the exchange of opinions.

### **3.8. State authorities**

In relation to state authorities, we pursue the objective of building-up mutual professional relationship that enables all participants to perform their functions and tasks quickly and efficiently.

### **3.9. Media**

We continuously develop and maintain relationships with all types of media and their journalists. We follow proactive and two-way communication principles. Proactive communication enables us to set the pace for communication of desired messages in advance and thus pursue the objective of providing the media with all the desired information within the shortest possible time, thus enabling them to directly obtain information and inform the interested public in a timely manner. The continuous monitoring of media releases enables Petrol to perceive the public's interest in information in due time and thus draw up all its communication programmes accordingly.

The key objective of communication between Petrol d.d., Ljubljana and the media is to present all the company's activities and build as well as maintain its reputation and the reputation of its management, which is primarily achieved through a correct, stable and long-term dialogue with the media or journalists.

Communication with the media or journalists is target oriented and takes place via the competent organisational unit.

### 3.10. Controlled companies

The Petrol Group companies, in which Petrol d.d., Ljubljana holds a 100% business share, are controlled by Petrol d.d., Ljubljana. Each annual report of the Petrol Group and Petrol d.d., Ljubljana includes the Group organisational chart with the indication of controlled companies, joint ventures and affiliates. Communication with controlled companies is described under point 4 hereof.

### 4. Means of informing controlled companies and shareholders of the Group's governance strategy and standards

In the Petrol Group, the controlled company operation is conditional upon local legislation, contractual relations on economic bases, as far as business is concerned, and in the field of management upon the guidelines of the controlling company.

Depending on the extent permissible under local legislation, the controlling company aims to introduce high management and operational standards in its controlled companies, as is the case in the controlling company. The controlling company enables controlled companies to use the services of corporate functions.

Means of informing shareholders of the Group strategy and standards are referred to in various parts of this document, mainly point 3, which inter alia describes ways and forms of communication with shareholders.

### 5. Policies on transactions between the company and its affiliates, including their management and supervisory board members

In the Petrol Group, controlled companies transact with the controlling company and other companies in the Group on a commercial basis. In the annual report, each individual controlled company is to state that it has not been deprived or adversely affected in these transactions. Moreover, each individual controlled company is to state that there have been no acts committed or omitted by the company on the initiative or based on the interest of the controlling company or its affiliated companies. Detailed data on the value and content of transactions with the controlling company and its affiliated companies are also presented in the financial part of the annual report of an individual controlled company.

In the case of any significant transaction between the company or an affiliated company and a member of the Management Board or the Supervisory Board, the company shall disclose this as price-sensitive information, strictly following the procedures of identifying, disclosing, managing and eliminating conflicts of interest of the members of the management and supervisory bodies.

However, if necessary, certain members of the Management Board and the employees of the controlling company senior "management" perform the functions of members within the bodies of controlled companies (in the supervisory bodies).

### 6. Commitment to establish a system for determining conflicts of interest and independence of Management / Supervisory Board members

The Supervisory Board pays particular attention to identifying, disclosing, managing and eliminating conflicts of interest of members of the management and supervisory bodies in line with positive

legislation as well as the company's codes and internal acts. The members of the Supervisory Board and the Management Board take all precautionary measures to avoid conflicts of interest that might influence their judgment.

**Supervisory Board:** In view of the fact that a potential conflict of interest or the existence of a clear conflict of interest may serve as grounds for the termination of a member's term of office, all members of the Supervisory Board are aware of their obligation to inform the Supervisory Board; the Supervisory Board, as a body, is obliged to consider any conflict of interest upon selecting candidates for members of the Supervisory Board and in the event of doubt identify any conflict of interest with the requirement of due diligence. Moreover, the members of the Supervisory Board should be aware that in their work they are not bound by the opinions or instructions of those who proposed or appointed them but take full personal responsibility for performing their function. Every year, the members of the Supervisory Board are to sign a statement of possible conflict of interest, in which they adopt a position on all the criteria of independence.

**Management Board:** The members of the Management Board are obliged to immediately disclose any conflict of interest to the Supervisory Board and inform the other members of the Management Board thereof; the Supervisory Board is to assess whether this conflict of interest may serve as grounds for the removal of the Management Board member. The members of the Management Board inform each other of possible conflicts of interest of an individual member in line with legal requirements and best practices and promptly inform the Supervisory Board thereof or ask for its agreements.

## 7. Supervisory Board commitment to assess own performance

With its decision, the Supervisory Board has undertaken to assess own performance and effectiveness so as to state its position on the quality of the work of the Supervisory Board and committees and propose improvements, verify whether communication and cooperation with the Management Board is appropriate, evaluate the contribution of individual members and verify possible existence of circumstances of an individual member that could lead to a conflict of interest and assess the quality of the current Supervisory Board composition in the light of the need of effective control. The same applies to the Audit Committee of the Supervisory Board.

## 8. Statement on committees set up within the Supervisory Board

Rules of Procedure of the Supervisory Board of Petrol d.d., Ljubljana lay down that the Supervisory Board may establish appropriate committees and commissions. The Supervisory Board may establish appropriate committees and commissions to draw up proposals, decisions, positions and opinions that the Supervisory Board requires in connection with its activities and decision-making. This involves committees, which are to be established pursuant to mandatory rules, e.g. audit committee, or commissions and committees, which the Supervisory Board deems are necessary or reasonable in order to ensure effective work of this supervisory body of the public limited company. In addition to the audit committee, which does most of expert work in connection with the Supervisory Board activities by drawing up proposals, opinions and positions in financial and other matters within its competence, the committee for personnel and evaluation of the Management Board has been established and has been entrusted nomination functions by the Supervisory Board decisions; moreover, the Supervisory Board may also form other relevant committees and commissions for the analysis of other matters.

In forming the committees and commissions, the Supervisory Board carefully considers their optimal composition in terms of the number of members and their ability to contribute to the work.

## 9. Definition of the governance system

The company is governed by the Management Board controlled by the Supervisory Board. The Management Board and the Supervisory Board cooperate closely. The company's Articles of Association, a basic legal act, is supplemented by mandatory legal provisions specifying the division of responsibilities between the Management Board and the Supervisory Board and the manner of their cooperation. The Articles of Association of Petrol d.d., Ljubljana are available at the company's website <http://www.petrol.si/> in Slovenian and English. Otherwise, the work of these bodies is governed by the provisions of the Rules of Procedure applicable from time to time.

Pursuant to the Articles of Association of Petrol d.d., Ljubljana, legal representatives require the consent of the Supervisory Board in taking major decisions that could significantly affect the business, financial or legal situation of the company. In business relations between the Management Board and the Supervisory Board, the company Management Board also informs the Supervisory Board of all activities that do not formally fall under the cases for which SB's consent is required but for which it makes sense to have the Supervisory Board opinion.

Regular communication is made between the chairpersons of the two bodies; moreover, the Management Board and the Supervisory Board harmonise their positions at regular SB meetings, the dates of which are set out in advance in the company's published financial calendar, or at extraordinary meetings.

The Management Board governs the company independently and under its own responsibility. It must act in line with the adopted strategy and business plans.

The Supervisory Board has adopted the Diversity Policy for the management and supervisory bodies, which is published at the company's website in Slovenian and English.

Shareholders exercise their rights at the company's general meeting.

## 10. Company communication and information disclosure strategies

Communication activities are implemented to support the business strategy. Communication with all above-indicated stakeholders is based on the key values of companies and the company as a whole, i.e. openness, proactivity and honesty, in order to build and maintain the reputation of the company and all its bodies of operation. Communication is based on the principle that messages reach the target audience in due time and in the desired form and that they are understood correctly. The company strives to maintain fair, stable and long-term relationships with individual stakeholders. We realise that a sound fulfilment of the above-indicated implies promotion, which is difficult to measure but which affects the maximisation of all moral and material values of the company.

Communication is made in order to transmit integrated communication messages through established communication channels in a controlled and targeted manner. We comply with the highest standards of business report publication, as set out by legal norms and relevant stock exchange requirements and recommendations. All communication activities are in line with Petrol's Code of Conduct and the values of Petrol d.d., Ljubljana.



## 11. Protection of company employee interests

At Petrol, we are aware that successful operations and ambitious objectives can be realised only if employees are motivated and satisfied. We strive to ensure a positive workplace climate, job satisfaction and a family-friendly company.

Pursuant to international guidelines and in the context of social responsibility, we have been awarded the "Family-friendly company" certificate - in this respect, we have taken a number of measures to improve harmonisation between professional and private life.

We offer jobs in domestic and international environment and provide our employees with training and support professional as well as personal development. We encourage the idea of a learning company. We provide our employees with training in internal programmes and in educational institutions at home and abroad. We provide training for all professional and technical areas that we manage and will manage in the future; we organise courses on management, personal development, modern information technology, quality and safety of employees and foreign languages.

The employees express and assert their views, ideas and opinions through their representatives in the works council, the trade union and the worker director. The Management Board Chairperson or members regularly attend meetings of the Works Council - employees can communicate with them directly, formally at business meetings and informally at social gatherings as well as via internal e-mail.

We provide employees with at least the standards of conduct relating to the prevention of discrimination and unauthorised interference with the personality and dignity of employees specified by law and the constitution.

## 12. Final provisions

The Governance Policy shall enter into force on the date of its adoption and shall set out the company's current management method, which is to remain in force until its amendment. Shareholders and the interested public shall be informed of the adoption and content of the Governance Policy by public announcement in Slovenian and English in SEOnet system and at the [www.petrol.si](http://www.petrol.si) website.

Nada Drobne Popović  
Chairwoman of the Management Board

Sašo Berger  
Chairman of the Supervisory Board

Matija Bitenc  
Management Board member

Jože Bajuk  
Management Board member

Jože Smolič  
Management Board member

Zoran Gračner  
Management Board member/ Worker Director