

Pursuant to Article 294.a of the Companies Act (Official Gazette of the RS, No 65/09 with amendments and supplements, hereinafter: ZGD-1), Petrol d.d., Ljubljana, Dunajska cesta 50, Ljubljana hereby adopts the following internal act of the company:

REMUNERATION POLICY FOR MANAGEMENT AND SUPERVISORY BODIES OF PETROL D.D., LJUBLJANA

1. INTRODUCTION

1.1. LEGAL BASIS

This Remuneration Policy for Management and Supervisory Bodies of Petrol d.d., Ljubljana (hereinafter: the Remuneration Policy) is adopted pursuant to Article 294.a of the Slovenian Companies Act (ZGD-1), the Articles of Association of Petrol d.d., Ljubljana (hereinafter: the Articles of Association) and the internal Rules on Remuneration for the Management Board (hereinafter: the Rules).

1.2. SCOPE AND CONTENT

This Remuneration Policy regulates remuneration for management and supervisory bodies of Petrol d.d., Ljubljana (hereinafter: the Company).

1.3. POLICY'S CONTRIBUTION TO THE PROMOTION OF THE COMPANY'S STRATEGY, LONG-TERM DEVELOPMENT AND SUSTAINABILITY

This Remuneration Policy has been prepared with the aim to promote the achievement of the basic, short-term and long-term goals defined in the Petrol Group's business plans and strategy for the 2021–2025 period, and the Company's long-term development and sustainability.

2. MEMBERS OF SUPERVISORY BODIES

2.1. SUPERVISORY BODY

The supervisory body is defined in the applicable Companies Act and the Company's Articles of Association as effective from time to time. As at this Remuneration Policy adoption date, the Company's supervisory body is the Supervisory Board, which is made up of nine members. Three members are representatives of company employees who are elected by the Workers' Council. The other members are shareholder representatives who are appointed by the Company's General Meeting.

2.2. REMUNERATION FOR THE SUPERVISORY BOARD MEMBERS

The Supervisory Board members are entitled to the payment for the performance of their function, meeting fees and the reimbursement of costs incurred in relation to their work in the Supervisory

Board. The accurate amounts of payments are determined by means of a General Meeting's resolution.

The 33rd General Meeting held on 22 April 2021 determined remuneration for the Supervisory Board Members by resolution No 5.1.

Each member of the Supervisory Board shall receive a gross meeting fee of EUR 275 for their participation at the meeting. For participation at committee meetings, each Supervisory Board member shall receive a meeting fee equalling 80% of the amount of the meeting fee for their participation at Supervisory Board meetings. The correspondence session meeting fee equals 80% of the usual meeting fee. Each Supervisory Board member is, regardless of the above and of the frequency of participations at meetings, eligible in each financial year for the payment of meeting fees, until the total amount of the meeting fees reaches 50% of the basic payment for the function of Supervisory Board member on an annual level. Each Supervisory Board member who is also a member of a committee or committees of the Supervisory Board is, regardless of the above and regardless of the frequency of participations at the Supervisory Board and committee meetings, eligible in each financial year for the payment of meeting fees, until the total amount of the meeting fees from their participation at the Supervisory Board and committee meetings reaches 75% of the basic payment for the function of Supervisory Board member on an annual level.

In addition to the meeting fees, the Supervisory Board members shall also receive a basic payment for performing the respective function in the gross annual amount of EUR 15,000 per member. The Supervisory Board President is also eligible to 50% of the basic payment for performing the function of Supervisory Board member, while the Vice-President/Deputy President of the Supervisory Board is eligible to 10% of the basic payment for performing the Supervisory Board member function.

Members of Supervisory Board committees shall receive extra payment for performing their respective functions, which is 25% of the basic payment for performing the function of Supervisory Board member. A committee chair is also eligible to 37.5% of the basic payment for performing the respective function of Supervisory Board member. Regardless of the above and regardless of the frequency of participations at committees, either as a member or chair, each member of a Supervisory Board committee is eligible in each financial year for the payment of extra fees for the performance of their function until the total amount of the extra payments reaches 50% of the basic payment for the function of Supervisory Board member on an annual level. If the term of office of each Supervisory Board member is shorter than a financial year, each Supervisory Board committee member is, regardless of the above and of the frequency of participations at committees, either as a member or chair, eligible in each financial year for the payment of extra fees for the performance of their function, until the total amount of the extra payments reaches 50% of the basic payment for the duration of their office in the respective financial year.

External Supervisory Board committee members are eligible to meeting fees the same as the other committee members, and to the basic payment for the performance of the function in the amount of 30% of the annual basic payment for each Supervisory Board member (without the extra payment for committee work).

In addition to the above, the Supervisory Board members are also eligible to extra payments for special tasks, these being highly complex and taking extraordinarily long time to be carried out, generally at least one month. The Supervisory Board authorises itself to decide on the assignment of special tasks to each Supervisory Board Member at their given consent, on the duration of the special tasks and on the extra payment for special tasks, in line with this resolution of the General Meeting. The Supervisory Board authorises itself to decide on the extra payments for special tasks carried out by the Supervisory Board members due to objective circumstances of the Company.

Extra payments for special tasks are allowed only for the time when they are actually being carried out, the decision of which can exceptionally be adopted by the Supervisory Board retrospectively (especially in the case of special tasks due to the objective circumstances of the Company), but no earlier than the previous financial year. Extra payments for special tasks may, in total, amount to a maximum of 50% of the basic payment for the function of Supervisory Board Member in each financial year for every Supervisory Board member (regardless of the number of special tasks). The extra payment for each special task is determined by taking into account the complexity of the task and the related increased workload and responsibility. Extra payments are always appropriately proportionally calculated for the period of their actual performance.

The Supervisory Board members receive basic payment, extra payment for performing their function, and extra payment for special tasks, in proportional monthly payments to which they are eligible for as long as they perform the function and/or special task. The monthly payment equals 1/12 of the above annual amounts. Extra payments for special tasks may, based on the circumstances, also be paid in a one-off total eligible amount following the performance of a special task.

The limitation on the total amount of meeting fees or extra payments to each Supervisory Board member does not affect their obligation to actively participate at all meetings of the Supervisory Board and committees of which they are a member, or their statutory responsibility.

The Supervisory Board members can be reimbursed for travel and accommodation costs that incur in connection with their work in the Supervisory Board, up to the amount defined in the regulations that govern the reimbursement of the costs of work and other income that is not included in the taxable amount (provisions that are applicable for travel and accommodation on missions). The amount to which a Supervisory Board member is entitled, based on the cited regulation, is grossed-up, thus the net payment represents the reimbursement of the actual travel costs. Mileage is determined based on the distance between places, calculated on AMZS's public website. Accommodation costs may only be reimbursed if the distance from the permanent or temporary residence of the Supervisory Board member or Supervisory Board committee member to the place of work is at least 100 kilometres, provided that the member was not able to return because there was no public transport option at the time, or due to other objective reasons.

The Supervisory Board members are not entitled to any other remuneration.

The nominal amounts received in an individual financial year are specified in the Annual Report for every Supervisory Board member separately.

2.3. TERMINATION OF OFFICE

The Supervisory Board members are elected for a term of four years.

A Supervisory Board member may resign from the position as a Supervisory Board member prior to office termination date.

2.4. NOTICE PERIOD

A Supervisory Board member may resign from the position as a Supervisory Board member with a notice period starting from the day the Company's Management Board receives their written resignation and lasting until the appointment of a new (alternate) Supervisory Board member, but not more than three months.

Exceptionally, a Supervisory Board member may resign without notice, in the case of objectively justified reasons (prolonged illness or absence, potential conflict of interest, and the like) such as specified in the resignation.

3. MEMBERS OF MANAGEMENT BODIES

Pursuant to the Company's Articles of Association, the Company's management body is the Management Board. This part of the Remuneration Policy regulates remuneration for the Management Board members, with the exception of the Management Board Member – Worker Director whose receipts are governed by the Petrol Worker Participation Agreement between the Company and the Company's Workers' Council. The variable remuneration for the Management Board Member – Worker Director is determined based on the monthly salary multiple as decided by the Supervisory Board for the other Management Board members.

The nominal amounts received by each Management Board member in an individual financial year are specified in the Annual Report and the Report on Remuneration to Management and Supervisory Bodies of Petrol d.d., Ljubljana.

3.1. REMUNERATION

3.1.1. TYPES

This Remuneration Policy regulates total remuneration that can be received by the Management Board members.

Remuneration for the Management Board members consists of the **fixed** and the **variable** parts.

Perks are calculated based on the payments in cash or in kind in accordance with the effective regulations.

In addition to the fixed and variable parts, the Management Board members are in certain cases entitled to **severance pay** and some **other perks** or rights.

3.1.2. FIXED REMUNERATION

3.1.2.1. Base salary

The fixed remuneration represents payment to the Management Board members for the performance of their tasks and for their efforts and responsibility. It is set so as to ensure financial stability and reimburse the Management Board for their efforts and is a reflection of professional background and loyalty. The fixed remuneration does not depend on the operating results or other unforeseeable factors. The basic guideline in determining this part of remuneration is the complexity and responsibility level of tasks.

The fixed remuneration is the base salary of the Management Board Members expressed in the gross amount and determined in the Employment Contract. The Management Board members' base salary must be high enough to enable supervision bodies to attract the best and highly motivated experts to the management bodies.

The Management Board members are not entitled to length-of-service allowances or bonuses for work during less favourable worktime, as these are already included in their base salary.

3.1.2.2. Criteria to determine base pay

The base salary is determined primarily based on the work complexity and responsibility level, by taking into consideration the following criteria:

a) **Company size** compared to other comparable companies in Slovenia, by taking into account the value of assets, the generated net sales revenue, and the average number of employees in the last financial year.

- **b) Operational complexity**, which includes:

- organizational complexity based on the number and size of Group subsidiaries, the complexity of regulation, and the risk management complexity;

- internationalization of operations based on the number and size of subsidiaries abroad, and the share of revenue generated abroad;

- direct economic environment complexity based on the level of competitiveness in the industry, competitiveness in the most important markets, and the industry development phase;

- complexity of key products based on the key product development phases, technological complexity, risks, and the sales growth potential;

- activity regulation based on the regulation level of revenue/expenses.

The Petrol Group is one of the largest Slovenian companies. It operates actively in Slovenia and the rest of the region, that is, in Croatia, Bosnia and Herzegovina, Serbia, and Montenegro where it has subsidiaries with widespread retail networks, and in Austria, Macedonia and Romania.

The Company is the largest Slovenian energy company, the major Slovenian importer, one of the largest Slovenian companies in terms of revenue and one of the largest Slovenian trading companies. Its core activity is trade of petroleum products, gas, other energy products and consumer goods. The Petrol Group is made up of more than 40 companies; the Company is a 100% owner of strategically important companies such as Petrol d.o.o. Hrvaška, Crodux Derivati Dva d.o.o., Petrol Beograd d.o.o., E 3 d.o.o., together with Geoplin where it holds a majority share.

The Petrol Group is distinguished for its strong market and financial positions and a widespread modern retail network, which is its absolute competitive advantage. With its business activity of trade of petroleum products, gas and other energy products, the Petrol Group holds the leading market share in almost all segments, especially in the Slovenian and Croatian markets. It holds a significant market share in Serbia, Bosnia and Herzegovina and Montenegro.

As a result of the numerous activities, the Company has a widespread organisational structure at the parent company level with many elements of the organisational structure as well as accurate rules of categorisation in the organisational structure of the Petrol Group with relevant separations of duties and accurately determined procedures and responsibilities for preparing and changing the Petrol Group's organisational structure. The Company has a system of efficient functional responsibility in place. All relevant Group companies have a transparent management with efficient internal controls and a unified system of all key corporate processes (central procurement,

separation of the sales and purchasing function from investments, and the like) and transparent operations (demand management, Investment Committee, Risk Committee, etc.) in place.

In addition to the level of complexity and responsibility, the base salary is determined based on a comparison of payments in companies of comparable size, activity and comparable economic environment (large enterprises engaged in trading activity or in energy product sales, companies partly owned by the government and operating in the region; hereinafter: comparable companies) as well as knowledge and competences of the Management Board members.

The basic part of remuneration in contracts with members of the Management Board is determined by the Supervisory Board based on the above criteria.

The base salary is annually aligned with the employment market conditions applicable to managers of comparable companies in comparable economic environments.

3.1.3. VARIABLE REMUNERATION

This Remuneration Policy determines a system of criteria used to measure performance by the Management and the Management Board Members. The right of the Management Board members to the variable remuneration depends on such criteria.

Variable remuneration is based on the Petrol Group's operational performance and on the operational performance of the Management Board as a whole, based on the transparency, flexibility, and consistency criteria.

The variable remuneration consists of remuneration based on the fulfilment of the financial and non-financial criteria, which contribute to both the short-term and long-term performance of the Company. The variable remuneration is determined based on the criteria to promote the business strategy, long-term development and sustainability of the Company. Non-financial criteria also include those which show that stakeholder interests have been observed and which are used to pursue the environmental and social objectives of the Company's operations.

The criteria are known in advance and their fulfilment is verified using the methods that are commonly used for such purpose. The fulfilment of financial criteria is established based on accounting methods, whereas the fulfilment of the non-financial criteria is established based on the activities in the context of each criterion and by taking account of the events and circumstances in an individual financial year. The Management Board submits the Report on the Work of the Management Board to the Supervisory Board at the latest upon the endorsement of the audited annual report for the year; in its Report, the Management Board, in accordance with the relevant Rules, provides all necessary bases to enable the Supervisory Board to assess the performance of the Management Board in the financial year and hence determine the corresponding amount of the variable remuneration.

The variable remuneration based on the financial criteria amounts to a minimum of 50%.

The variable remuneration is structured so that the maximum ratio between the part of the variable remuneration rewarding long-term performance and the part rewarding short-term performance is 50% based on the part of remuneration for the long-term performance of the Company.

The variable remuneration is paid out in the form of cash.

3.1.3.1. Financial criteria for performance measurement

The financial criteria are intended as motivation for the Management Board Members to maximise their success in achieving the operational results of the Company. These criteria are aimed to promote the short-term and the long-term performance of the Management Board members and the Company and are important in implementing the strategy of the Company and the Petrol Group.

The financial criteria used to determine the performance bonus for the Management Board are:

1. **Achieving business activity growth:** the Petrol Group's EBITDA achievement criterion is measured.
- 2. **Financial performance of the Petrol Group:** the achievement of the Petrol Group's earnings before tax (EBT) is measured.
3. **Operational productivity:** the achieved percentage of operating costs in adjusted gross profit is measured.
4. **Financial stability:** the success in reducing debt and consolidating the Group's financial situation is measured with the net debt/EBITDA ratio.

The variable remuneration under the financial criteria is determined by applying the following base salary coefficients per Management Board member:

- a) the rating scale to determine the basic salary coefficient is determined for the criteria for which the desired state is above the plan (used for criteria 1 and 3 from the second paragraph of this point): it is expressed as the multiple of the gross base salary based on the EBITDA and EBT achievement index compared to the plan for the current period;
- b) the rating scale to determine the basic salary coefficient is determined for the criteria for which the desired state is below the plan (used for criterion 2 from the second paragraph of this point): it is expressed as the multiple of the gross base salary based on the index of achieving a % of costs in the gross profit based on the plan for the current period;
- c) the rating scale to determine the basic salary coefficient is determined for criterion 4 from the second paragraph of this point: it is expressed as the multiple of the gross base salary based on achieving the net debt-to-EBITDA.

The rating scales and other data from the previous paragraph shall be determined by the Supervisory Board in the Rules. The variable remuneration under the financial criteria is calculated for each criterion indicated in the second paragraph of this point by reading out the salary coefficient from the third paragraph and multiplying it by the weight of such criterion as determined by the Supervisory Board in the Rules. The total coefficient is the sum of the weighted coefficients calculated in this way. The variable remuneration under the financial criteria is calculated by multiplying the total coefficient with the amount of the base monthly salary of an individual member of the Management Board.

3.1.3.2. Non-financial criteria for performance measurement

The non-financial criteria used to determine the performance bonus for the Management Board are:

1. **Success in business strategy implementation:** the strategic project implementation and operations streamlining success is evaluated, by taking into account the development activities, risk management, procurement and logistical process streamlining, innovation, corporate responsibility, support processes and IT upgrade, and similar, with the goal to achieve long-term sustainability of operations and sustainable development of the Company.
2. **Success in ensuring operational growth:** the implementation of the projects enabling the Petrol Group to further grow and expand its operations is evaluated, by taking into account the successful implementation of investment projects, takeovers, strategic alliances, strengthening the position in existing markets and entering new markets, with the goal to achieve a long-term operational growth.
3. **Success in human capital development:** success in developing sustainability focused HR systems (staffing, HR development, education and training, competence development, rewarding, care for occupational health and safety at work, ensuring inclusion and respecting diversity), and the provision of the proper HR structure (organizational climate, devoted employees, proper educational structure, competent employees) needed for strategy realisation is measured.
4. **Success in ensuring sustainable development:** the Petrol Group's gradual transition to minimising carbon footprint and maximising overall energy savings as well as introducing sustainability commitments in the chain of stakeholders with the purpose to enhance corporate responsibility is measured.

The non-financial criteria are measured descriptively, in accordance with the fourth paragraph of point 3.1.3., for each year separately as: very successful, successful, relatively successful and unsuccessful; this is the basis for determining the gross salary multiple, which is defined by the Supervisory Board in the Rules.

3.1.3.3. Changed circumstances

Notwithstanding the provisions determined in this Remuneration Policy, the Supervisory Board may, in response to the changed circumstances, by a resolution and without amending the Rules and with a validity solely in the relevant financial year, accordingly adjust the ratios and criteria by taking into consideration the market, property, financial and other relevant situation and targets of the Company.

Based on the operating results and other circumstances, the Supervisory Board may decide to pay a higher or lower remuneration than that calculated based on the provisions 3.1.3.1. and 3.1.3.2. herein, if it believes that this is supported by reasonable grounds.

3.1.3.4. Method of arranging and assessing the fulfilment of objectives set in the criteria to determine the variable remuneration

The Supervisory Board adopts detailed variable remuneration criteria after endorsing the annual plan, that is, generally by the end of the calendar year for the next year or it verifies their

appropriateness and proposes any change, if necessary. By endorsing the business plan, the Supervisory Board annually approves concrete financial targets necessary for setting the variable remuneration for the Management Board members.

The Supervisory Board is in charge of establishing the performance of the Management Board and setting the variable remuneration in accordance with the Rules and this Remuneration Policy. Performance by the Management Board shall be established and variable remuneration determined once a year for the previous financial year upon endorsement of the audited annual report by the Supervisory Board. No later than on the endorsement of the audited annual report for the financial year, the Management Board shall submit to the Supervisory Board the Report on the Work of the Management Board which, in line with the Rules and this Remuneration Policy, provides all bases needed by the Supervisory Board to evaluate the performance of the Management Board in the financial year and determine the corresponding amount of the variable remuneration.

3.1.3.5. Deferral period for variable remuneration

If the variable remuneration exceeds the total fixed remuneration in the last year, the payment of such part of the variable remuneration is deferred by a period of at least one year.

3.1.3.6. Clawback

The Company may demand return of the already paid variable remuneration or a pro rata part thereof if annual report nullity is established with a final effect, with reasons for nullity referring to items or facts used as the basis to determine the variable remuneration.

The return of the already paid variable remuneration may be claimed within three years from the date when the remuneration or a part thereof is paid.

3.1.4. FIXED-TO-VARIABLE REMUNERATION RATIO

The maximum permitted variable remuneration is 100% of the base remuneration paid in the past year.

3.1.5. SEVERANCE PAY

In the case of an early contract termination with a Management Board member, such member shall be entitled to severance pay in the amount as set in the contract. Each Management Board member is entitled to severance pay in the event of:

- the removal of such Management Board member for economic-business reasons based on the 4th indent of the 2nd paragraph of Article 268 of the Slovenian Companies Act (ZGD-1),
- the termination of office and employment relationship as a result of retirement, and
- the removal resulting from long illness or permanent inability to work.

A Management Board member shall not be entitled to severance pay for early termination of office in the cases such as defined by the Companies Act. Severance pay shall not be paid to a Management Board member in the case of ordinary termination of office. In addition, a member of the Management Board is not entitled to severance pay in the case that such member alone terminates the Employment Contract or in the case of an early termination of the Employment

Contract because such member has severely breached their obligations, is not capable of conducting business or because he or she was imposed a no-confidence vote by the General Meeting (unless if such no-confidence vote was based on obviously ungrounded reasons).

The maximum amount of severance pay is a six-month gross base pay, such as determined in the contract with a member of the Management Board, or a nine-month gross base pay in the case of early termination of office occurring sooner than at half the office duration. The amount of severance pay shall in no event exceed the total amount of the gross base pay that a member of the Management Board would receive under the contract in the case of ordinary termination of office.

Only the member of the Management Board who performed their function continuously for at least one year prior to the early termination of office shall be entitled to severance pay.

Notwithstanding the previous paragraph, the Supervisory Board may, circumstance permitting, decide on the entitlement to severance pay regardless of the duration of the term of office with the maximum amount of severance pay set in the amount equalling three monthly gross base salaries such as determined in the contract with a member of the Management Board.

A member of the Management Board who, after early termination of the relevant contract, joins a company or its subsidiary or another affiliated company, may be entitled to the severance pay in the maximum amount of the difference between the gross base pay under the previous contract and the amount of the gross base pay under the new contract (in the corresponding multiple), but without prejudice to the second or third paragraph of this point.

3.1.6. OTHER REMUNERATION

Management Board Members are further entitled to the following benefits or receipts:

- **premiums** for life, accident, disability insurance, voluntary supplementary pension insurance, company or third-party liability insurance, health insurance, under the conditions determined in the Employment Contract;
- under the same conditions and in the amount as applicable to Company employees, to **holiday allowance, long-service bonuses, reimbursement of travel expenses, meal allowance, holiday pay, sick leave or other legally determined absence which is subject to allowance;**
- **non-competition clause:** in the context of the act governing employment relationships, detailed rules are determined in the employment contract;
- **right to use a mobile phone for private purposes,** including the right to payment of fee or cost for calls or data transfer;
- right to **use a portable computer and/or tablet** for private purposes;
- right to **use a company car** for private purposes (including the right to the payment of fuel for business purposes at home and abroad and for private purposes at home, and the road infrastructure use fee; the Company also pays for registration, maintenance, technical and routine car service and concludes car and casco insurance);
- right to **reimbursement of all training and education costs** aimed to upgrade job effectiveness;
- right to **preventive medical examination for managers;**
- right to **use a payment card** to pay certain costs, including entertainment, in accordance with the business and financial plan and by ensuring spending traceability;
- right to use **costs for entertainment** in accordance with the business and financial plan and by ensuring spending traceability;

- right to the reimbursement of **membership fees in peer organisations**, related to the performance of the function as a member of a management body;
- right to **the reimbursement of legal protection fees** in the case of lawsuits or filed reports in various legal proceedings by third parties in matters related to the performance of function in the Company, except in the case liability is established by final decision;
- right to **severance pay upon retirement**: the conditions and amount should be subject to the Slovenian Employment Relationships Act (ZDR-1), whereby the parties should not refer to potentially more favourable collective agreement or general internal act of the employer;
- right to **the reimbursement of costs needed for or related to the performance of function** under the conditions and in the amount as applicable to other Company employees, unless the amount for management body members is determined by a special regulation; this refers to: daily allowance for business trips, mileage, reimbursement of accommodation costs, reimbursement of commuting expenses, meal allowance;
- right to **paid leave**: a management body member should be entitled to it in the cases, duration and amount as applicable to the other Company employees;
- **special payments on holidays, such as Christmas bonus**: under the conditions and in the amount such as applicable to all other Company employees, subject to approval by the Supervisory Board;
- if the Company as an employer pays its employees a part of salary in respect of **business performance**, the same is paid to the Management Board members under the same conditions; payment is included in the variable remuneration and the variable remuneration is reduced by the amount already paid out.

3.2. LEGAL TRANSACTIONS RELATED TO REMUNERATION

Remuneration for the Management Board Members is primarily defined in the Employment Contract between them and the Company.

The Management Board Members conclude an Employment Contract with the Company based on Articles 54 and 73 of the Employment Relationship Act (Official Gazette of the RS, No 21/2013; hereinafter: ZDR-1), the Companies Act (Official Gazette of the RS, No 42/2006 with amendments and supplements; ZGD-1), the Articles of Association, and Supervisory Board resolutions.

The Employment Contract sets forth the types of remuneration in accordance with this Policy.

3.3. CONTRACT DURATION

The Employment Contract referred to in the previous paragraph is concluded for the Management Board members' term of office, that is, five years.

3.4. TERMINATION CONDITIONS

The Employment Contract with a Management Board member terminates if such Management Board member's term of office ends for any of the following:

- The removal of a Management Board member by the Supervisory Board,
- The end of office of a Management Board member, or
- Other reasons resulting in the termination of office of a Management Board Member in accordance with the legislation.

3.5. NOTICE PERIODS

A Management Board member may terminate the Contract with a 3 (three)-month notice period.



4. PROCEDURE TO DETERMINE, IMPLEMENT AND REVIEW THE REMUNERATION POLICY, INCLUDING ACTIONS TO PREVENT OR MANAGE CONFLICTS OF INTEREST

The corporate goals, which are the basis for employee remuneration, apply top-down, that is, from the Management Board down. This means that the same logic and proportionate payment apply to both the Management Board and the employees.

The implementation of this Remuneration Policy is monitored by the Supervisory Board by reviewing compliance of the Policy with the effective legislation and the related internal regulations at least once a year and propose, if necessary, any supplements and amendments thereof.

4.1. Supervisory Board members

Supervisory Board Members receive remuneration in accordance with the General Meeting resolution. They do not receive any other remuneration.

Prior to a candidate being appointed a Supervisory Board member, the Human Resources and Management Board Evaluation Committee checks whether any conflict of interest exists in relation to them.

The Supervisory Board members' work and decisions must always be in line with the Company's goals and they must submit any different personal or individual interests of third parties, the Management Board, the shareholders, the public or the state to such goals.

The Supervisory Board members must take all precautionary measures to avoid any conflict of interest that could affect their judgment; moreover, they must pay attention to any actual or potential conflict of their interests with the interests or duties of the Company.

A Supervisory Board member shall keep the Supervisory Board informed of any conflict of interest that occurs or that could occur in the performance or in relation to the performance of their function. Furthermore, every Supervisory Board member shall notify the Supervisory Board of their potential membership in Supervisory Boards of other companies.

In its report, the Supervisory Board notifies the General Meeting on the existence of a conflict of interest and the actions taken in respect thereof at least once a year. Once a year, upon appointment and upon any change, each member of the Supervisory and Management Boards signs and submits to the Supervisory Board a statement on the fulfilment of the criteria, stating the (in)existence of any conflict of interest and undertaking to immediately notify the Supervisory Board if any new potential conflict of interest arises.

Each member of the Management and Supervisory Boards is obliged to disclose any conflict of interest to the Supervisory Board immediately, but in any case not later than three working days after the occurrence of such conflict of interest.

At its meeting, the Supervisory Board decides on the disclosed conflict of interest by a resolution, that is, whether the conflict of interest exists, and expresses its position regarding the handling of the actual or a potential conflict of interest and defines actions to manage such conflict of interest.

4.2. Management Board members

The base remuneration of Management Board members are defined in the Employment Contract which sets forth that a Management Board member is also entitled to the variable remuneration based on the criteria adopted in the Rules by the Supervisory Board by year-end, which it reviews at the end of the financial year and defines the criteria based on the targets set for the next financial year. After the end of an individual financial year, the Management Board prepares a report on its work and submits it for discussion to the Human Resources and Management Board Evaluation Committee, which discusses the report, adopts a resolution on the proposal for the payment of the variable remuneration and proposes it for adoption to the Supervisory Board.

Other remuneration indicated herein is determined in the Employment Contract and in accordance with any restrictions imposed by the effective legislation.

The Management Board of the Company and its members are obliged to carry out their work and tasks with due diligence and in line with the effective legislation, the Company's Articles of Association and the Rules of Procedure of the Management Board. They are always obliged to pursue the interests of the Company and realise the maximum possible benefits for the Company, as well as avoid any kind of conflict of interests. The latter applies for both their personal interests or interests of any third party and interests of the work segments under their responsibility. If an individual Management Board member finds themselves in a conflict of interest to a point where the impartial and objective performance of tasks or decision-making in the sole interest of the Company in terms of an individual person's performance of function would be at risk due to the involvement of a personal economic interest, interest of family members or due to giving special preference or any other interest related to another natural or legal person, such member shall notify thereof the other Management Board members and exclude themselves from the discussion and voting on the matter that is the subject of the conflict of interest. A conflict of interest is recorded in the Management Board meeting minutes. Interests of the segments which are under the responsibility of individual Management Board members must be included in the adopted decisions to the fullest extent. The interests of the Company as a whole always prevail over such interests; in the case a conflict of interest arises in a segment and the Company as a whole, the latter shall prevail.

The Report on Remuneration to Management and Supervisory Bodies of the Company is audited by an external auditor pursuant to Remuneration Policy and the Slovenian Companies Act.

5. FINAL PROVISIONS

Remuneration for members of management and supervisory bodies in Group companies

The Company adopts guidelines to set remuneration for management bodies at Group level, which will apply to all subsidiaries, whereby the guidelines to set remuneration for management bodies in subsidiaries abroad will take into account the specifics of the business environment in which such companies operate, as well as the specifics of the local legislation in this field.

Remuneration for members of management bodies in the case of dual terms of office

The basic principle to determine remuneration for members of the Management Board in case of dual terms of office in the Group is that remuneration depends on the complexity of tasks and responsibilities. In case of dual terms of office in the Group, each function delivers its tasks and responsibilities, hence functions in subsidiaries are generally fully paid. An exception from the rule is if the time spent and the tasks and responsibilities arising from functions in subsidiaries are

included in the tasks, the time spent and the responsibilities and, hence, remuneration at the Company (especially where the criterion to determine the base remuneration is organizational complexity arising from the management of Group companies).

This Remuneration Policy shall enter into effect the day after it is adopted and it shall be operable in the period from 1 January 2022 onwards.

Supervisory Board President
Dr. Janez Žlak