

Pursuant to Article 294.b of the Companies Act (Official Gazette of the RS, No 65-09 with amendments and supplements; hereinafter: the ZGD-1), Petrol d.d., Ljubljana, Slovenska energetska družba, Dunajska cesta 50, Ljubljana (hereinafter: the Company) hereby issues

REPORT ON REMUNERATION TO MANAGEMENT AND SUPERVISORY BODIES OF PETROL D.D., LJUBLJANA IN THE 2021 BUSINESS YEAR

I. PREAMBLE

Having regard to the fact that, in accordance with the fourth paragraph of Article 71 of the ZGD-1K, Article 294.a of the ZGD-1 entered into effect on 24 February 2021, Petrol d.d., Ljubljana prepared, pursuant to Article 294.a of the ZGD-1, the Remuneration Policy for Members of Management and Supervisory Bodies of Petrol d.d., Ljubljana which, based on the first paragraph of Article 294.a of the ZGD-1, needs to be endorsed by the General Meeting of the Company. Since this report is included on the agenda of the General Meeting where the remuneration policy adoption shall be decided, it includes a comprehensive overview of remuneration, including all perks that the Company provided or owed to each management and supervisory body member in the 2021 business year, however, compliance with the Remuneration Policy as set out in Article 294.b. of the ZGD-1 could not be confirmed in the Report on Remuneration because the Remuneration Policy has not yet been approved at the General Meeting.

In 2021, management and supervisory body members were paid remuneration either based on General Meeting resolution, Employment Contract, the internal Remuneration Policy for the Management Board (hereinafter: the Policy) or another act determined herein.

II. SUPERVISORY BODY

The supervisory body is defined in the applicable ZGD-1 and the Company's Articles of Association, as effective from time to time. Pursuant to the Company's Articles of Association, the supervisory body is the Supervisory Board, which is made up of 9 members. The term of office of Members Borut Vrviščar, Aleksander Zupančič, Mario Selecky and Alenka Urnaut Ropoša commenced on 11 April 2021 when the term of office of President Sašo Berger, Deputy President Igo Gruden, and Members Metod Podkrižnik, Sergij Goriup and Janez Pušnik ended. Mladen Kaliterna was Supervisory Board President from 11 to 21 April 2021 after which Supervisory Board President Janez Žlak started his term of office on 22 April 2021. Member Borut Vrviščar took over the position as Deputy President on 22 April 2021. As at 31 December 2021, the Supervisory Board was made up of: President – Janez Žlak, Deputy President – Borut Vrviščar, and Members – Alenka Urnaut Ropoša, Mario Selecky, Mladen Kaliterna and Aleksander Zupančič, all of whom shareholder representatives, and Robert Ravnikar, Alen Mihelčič and Marko Šavli as employee representatives.

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. Their remuneration is fixed; they are not entitled to the variable remuneration, that is, remuneration based

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

The 29th General Meeting of the Company held on 18 April 2019 adopted resolution No 5.1., determining payments to the Supervisory Board Members. It is published on the following link:

https://seonet.ljse.si/default.aspx?doc=SEARCH&doc_id=67629

Based on that resolution, the Supervisory Board Members received remuneration until 21 April 2021.

The 33rd General Meeting held on 22 April 2021 determined remuneration for the Supervisory Board Members by resolution No 5.1. It is published on the following link:

https://seonet.ljse.si/default.aspx?doc=SEARCH&doc_id=75096

Based on that resolution, the Supervisory Board Members receive remuneration from 22 April 2021 onwards.

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

The nominal amounts for each member of the Supervisory Board received in the 2021 business year (and a comparison with the 2020 business year) based on the abovementioned resolutions are presented in Table 1:

Table 1:

Name and surname	Function		
	Supervisory Board	Audit Committee	Committees
Janez Zlak	President from 22 April 2021		HRMBEC*
Borut Vrviščar	Deputy President from 22 April 2021, Member from 11 April 2021 to 21 April 2021		Member from 22 April 2021 President from 22 April 2021
Aleksander Zupančič	Member from 11 April 2021	Member from 22 April 2021	
Alenka Urnaut Ropoša	Member from 11 April 2021	President from 22 April 2021	
Mario Selecky	Member from 11 April 2021		Member from 22 April 2021
Mladen Kaliterna	Member; President from 11 April 2021 to 21 April 2021	Member from 22 April 2021, President until 18 April 2021	
Alen Mihelčič	Member		Member
Robert Ravnikar	Member	Member from 22 April 2021	Member until 10 April 2021
Marko Šavli	Member	Member until 16 April 2021	Member from 22 April 2021
Janez Pušnik	Member until 10 April 2021	External member from 22 April 2021, Member until 10 April 2021	
Sašo Berger	President until 10 April 2021		Member until 10 April 2021
Igo Gruden	Deputy President until 10 April 2021	Member until 10 April 2021	
Metod Podkrižnik	Member until 10 April 2021	Member until 10 April 2021	
Sergej Goriup	Member until 10 April 2021		President from 22 April 2021
Christoph Geymayer		External Member until 16 April 2021	
Zoran Gračner	Member until 10 December 2020	Member until 23 August 2020	

* Human Resources and Management Board Evaluation Committee

Remuneration to members of the Supervisory Board and Committees in the 2021 business year

Name and surname	(1) Basic payment		(2) SB and Committee attendance fees		(3) Sum total (1+2)	(4) Travel expenses*	(5) Remuneration from any Group company
	SB	Committees	SB	Committees			
Janez Žlak	15,563	2,594	1,925	660	20,741	0	0
Borut Vrvščar	11,840	3,891	1,925	660	18,316	0	0
Aleksander Zupančič	10,803	2,594	1,925	1,276	16,598	848	0
Alenka Urnaut Ropoša	10,803	3,891	1,925	1,276	17,894	0	0
Mario Selecky	9,553	3,844	1,650	440	15,487	0	0
Mladen Kaliterna	21,906	4,140	2,695	2,156	30,896	0	0
Alen Mihelčič	21,692	3,566	2,695	880	28,833	0	0
Robert Ravnikar	21,692	3,566	2,695	1,496	29,449	0	0
Marko Šavli	15,220	3,624	2,695	1,540	23,079	0	0
Janez Pušnik	7,081	3,972	770	2,156	13,979	0	0
Sašo Berger	16,333	972	770	220	18,296	0	0
Igo Gruden	11,510	972	770	1,100	14,353	0	0
Metod Podkrižnik	10,889	972	770	880	13,511	0	0
Sergej Goriup	10,889	1,458	770	220	13,337	0	0
Christoph Geymayer	0	1,413	0	880	2,293	0	0
Zoran Gračner	6,598	0	0	0	6,598	0	0
Total	202,371	41,469	23,980	15,840	283,660	848	0

* Travel expenses are not remuneration by their nature; they are intended as reimbursement for the costs incurred in the performance of function, which Supervisory Board members enforce in their income tax assessment.

Remuneration to members of the Supervisory Board and Committees in the 2020 business year

Name and surname	(1) Basic payment		(2) SB and Committee attendance fees		(3) Sum total (1+2)	(4) Travel expenses*	(5) Remuneration from any Group company
	SB	Committees	SB	Committees			
Mladen Kaliterna	12,950	4,856	4,840	1,628	24,274	0	0
Alen Mihelčič	12,950	3,238	4,840	2,068	23,096	0	0
Robert Ravnikar	12,950	3,238	4,840	2,068	23,096	0	0
Marko Šavli	790	0	275	0	1,065	0	0
Janez Pušnik	6,134	3,579	3,135	1,628	14,476	0	0
Sašo Berger	19,425	3,238	4,840	2,068	29,571	0	0
Igo Gruden	12,950	3,238	4,840	3,476	24,504	0	0
Metod Podkrižnik	12,950	3,238	4,840	1,408	22,436	0	0
Sergej Goriup	12,950	4,856	4,840	2,068	24,714	0	0
Christoph Geymayer	0	1,703	0	880	2,583	0	0
Škerjanec Žiga	0	0	0	440	440	0	0
Zoran Gračner	12,160	3,040	4,290	1,408	20,898	0	0
Total	116,211	34,222	41,580	19,140	211,153	0	0

* Travel expenses are not remuneration by their nature; they are intended as reimbursement for the costs incurred in the performance of function, which Supervisory Board members enforce in their income tax assessment.

III. MANAGEMENT BODY

Pursuant to the Company's Articles of Association, the Company's management body is the Management Board. As at 31 December 2021, the Management Board was comprised of Nada Drobne Popović – President, Matija Bitenc, Jože Smolič and Jože Bajuk – Members, and Zoran Gračner – Member/Worker Director.

In 2021, remuneration of the Management Board consisted of the fixed and variable parts and other perks. Severance was not paid to management body members in 2021. Perks were calculated based on payments in cash or in kind in accordance with the effective regulations.

The Management Board's remuneration structure ensures proper balance between the fixed and the variable parts of remuneration.

The nominal amounts received in the 2021 business year (and comparison with 2020) are presented in Table 2 for each member of the Management Board.

1. Fixed remuneration

The fixed remuneration was paid to the Management Board for the performance of their tasks and for their efforts and responsibility-taking. It was set so as to ensure financial stability, reimburse the invested effort and correspond to their professional background and loyalty. It did not depend on the operating results or other unforeseeable factors. The basic guideline in determining this part of remuneration was the complexity and responsibility level of tasks.

The fixed remuneration is made up of the base salary of the Management Board, which is determined in the gross amount in the Employment Contract.

Length-of-service allowances and bonuses for work during less favourable worktime are already included in the base salary amount.

Remuneration to the Management Board Member – Worker Director was paid in accordance with the Employment Contract and the Petrol Worker Participation Agreement between the Company and the Company's Workers' Council.

In 2021, the Management Board received the fixed part of remuneration in amounts as presented in Table 2.

2. Variable remuneration

In the 2021 business year, the variable remuneration was paid based on the Petrol Group's performance in the 2020 business year and was primarily intended to reward the Management Board for their results and engagement in 2020.

The variable remuneration is determined based on the Petrol Group's performance and the performance of the Management Board as a whole. The variable remuneration for the Management Board was determined based on Supervisory Board resolution in accordance with the Policy, which lays down the objectives and criteria for the payment of variable remuneration.

2.1. Criteria to determine variable remuneration amount

The variable remuneration was comprised of:

- the variable remuneration for short-term performance (performance bonus under the quantitative criteria), and
- the variable remuneration for long-term performance (performance bonus under the qualitative criteria).

The aim of quantitative criteria was to motivate the Management Board Members to maximise their performance in achieving the Company's operating results. These criteria were intended to promote the short-term and long-term performance of the Management Board Members and the Company and are important for the realisation of the Company's and the Petrol Group's strategy. Quantitative criteria are used to measure performance based on the plan for an individual business period.

2.1.1. Quantitative criteria

The quantitative criteria for determining performance-related remuneration for the Management Board in the 2020 business year, based on which the Management Board members were paid the variable part of remuneration in 2021, were:

- **Achieving business activity growth:** the Petrol Group's EBITDA achievement criterion was used.
- **Operational productivity:** it was measured as the proportion between operating costs in adjusted gross profit.
- **Generating value for owners:** it was measured as the achieved net return on equity (ROE).
- **Financial stability:** the success in ensuring (consolidating) the Group's financial situation was measured with the net debt-to-EBITDA ratio.

2.1.2. Qualitative criteria

The qualitative criteria used to determine remuneration for the Management Board's performance for the 2020 business year, based on which the Management Board members were paid the variable part of remuneration in 2021, were the following:

- **Success in business strategy implementation:** the strategic project implementation and operations streamlining was evaluated: development activities, risk management, procurement and logistical process streamlining, innovation, corporate responsibility, support process and IT upgrade, and similar, with the goal to achieve long-term sustainability of operations and sustainable development of the Company.
- **Success in ensuring operational growth:** the implementation of the projects enabling the Petrol Group to further grow and expand its operations was evaluated: successful implementation of investment projects, takeovers, strategic alliances, strengthening the position in existing markets and entering new markets, with the goal to achieve long-term operational growth.
- **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, ensuring inclusion and respecting diversity), and the provision of the proper HR structure (organizational climate, devoted employees) needed for strategy realisation were measured.
- **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 was measured.

In 2021, the variable remuneration was paid out as cash.

Based on business performance in 2020 and the Supervisory Board's resolution, the Management Board received the variable remuneration in 2021 as presented in Table 2.

3. Relative shares of fixed and variable remuneration to the Management Board Members

The data about the relative shares of fixed and variable remuneration to the Management Board members for the 2021 business year (and the 2020 business year) are presented in Table 2.

4. Relative shares of financial and non-financial criteria in the variable remuneration to the Management Board Members

The data about the relative shares of fixed and variable remuneration to the Management Board members for the 2021 business year (and the 2020 business year) are presented in Table 2.

5. Severance pay

No severance was paid for the Management Board in 2021.

6. Other perks

Under the conditions determined with the Employment Contract, the Management Board members are entitled to perks in the form of premium for life, accident, disability insurance, voluntary supplementary pension insurance, Company or third-party liability insurance, health insurance, mobile phone, and vehicle for business and private use.

The data about remuneration referring to the above-mentioned perks are presented in Table 2.

Table 2

Remuneration to Management Board Members in the 2021 business year

Name, surname, function	(1) Fixed remuneration	(2) Variable remuneration*	(3) Perks and other rights	(4) Severance pay, competitive clause obligations, other office termination payments	(5) Clawback	(6) Maluses (return of remuneration)	(7) Total payment (1+2+3+4-5-6)	(8) Share of variable remuneration from financial and non-financial criteria (xx% / yy%)	(9) Share of fixed and variable remuneration (xx% / yy%)	(10) Ratio to average employee salary (multiple) Company	(11) Remuneration from any Group company
Nada Drobne Popovič, President	197,066	133,387	28,945	0	0	0	359,398	25% / 75%	60% / 40%	13.25	0
Jože Bajuk, Member	168,000	91,921	27,742	0	0	0	287,663	25% / 75%	65% / 35%	10.60	0
Matiija Bitenc, Member	168,000	91,921	26,622	0	0	0	286,543	25% / 75%	65% / 35%	10.56	0
Jože Smolič, Member	168,000	39,756	23,896	0	0	0	231,652	25% / 75%	81% / 19%	8.54	0
Zoran Gračner, Worker Director	106,406	11,864	3,452	0	0	0	121,723	25% / 75%	90% / 10%	4.49	0
Total	807,472	368,849	110,658	0	0	0	1,286,979				0

* Variable remuneration was paid in full.

Remark: Holiday allowance for 2021 paid to the Management Board in the total amount of EUR 5,500

Remuneration to the Management Board Members in the 2020 business year

Name, surname, function	(1) Fixed remuneration	(2) Variable remuneration*	(3) Perks and other rights	(4) Severance pay, competitive clause obligations, other office termination payments	(5) Clawback	(6) Maluses (return of remuneration)	(7) Total payment (1+2+3+4-5-6)	(8) Share of variable remuneration from financial and non-financial criteria (xx% / yy%)	(9) Share of fixed and variable remuneration (xx% / yy%)	(10) Ratio to average employee salary (multiple) Company	(11) Remuneration from any Group company
Nada Drobne Popovič, President	191,400	1,000	10,873	0	0	0	203,273	66.67% / 33.33%	099% / 001%	7.98	0
Jože Bajuk, Member from 11 March 2020	129,945	771	6,579	0	0	0	137,295	66.67% / 33.33%	099% / 001%	7.06	0
Matiija Bitenc, Member from 11 March 2020	129,945	771	10,387	0	0	0	141,103	66.67% / 33.33%	099% / 001%	7.30	0
Jože Smolič, Member from 28 August 2020	57,333	211	4,790	0	0	0	62,334	66.67% / 33.33%	100% / 000%	7.78	0
Daniela Rbarič Selaković, Member until 10 March 2020	32,175	225	572	0	0	0	32,972	66.67% / 33.33%	099% / 001%	6.75	0
Tomaž Berločnik, President until 24 October 2019	0	82,500	0	0	0	0	82,500	66.67% / 33.33%	000% / 100%	-	0
Rok Vodnik, Member until 24 October 2019	0	70,000	0	0	0	0	70,000	66.67% / 33.33%	000% / 100%	-	0
Igor Stebemek, Member until 24 October 2019	0	70,000	0	0	0	0	70,000	66.67% / 33.33%	000% / 100%	-	0
Ika Krevzel Panič, Worker Director until 10 December 2020	80,873	22,418	3,020	0	0	0	106,311	66.67% / 33.33%	078% / 022%	4.17	0
Zoran Gračner, Worker Director from 11 December 2020	5,787	0	223	0	0	0	6,010	66.67% / 33.33%	100% / 000%	-	0
Total	627,458	247,896	36,444	0	0	0	911,798				0

* Variable remuneration was paid in full.

Remark: Holiday allowance for 2020 paid to the Management Board in the total amount of EUR 4,108

7. Annual change of remuneration, corporate performance, average employee remuneration

The data for the last five business years about the annual change of remuneration, performance of the Company and average remuneration for Company employees (excluding the Management Board Members) who were employed full-time in this period are presented in Table 3.

Table 3
Comparison of remuneration to Management Board members in the last five years

	2017 vs. 2016	2018 vs. 2017	2019 vs. 2018	2020 vs. 2019	2021 vs. 2020	2021 (absolute amount of the current reporting year)
Annual change						
Remuneration						
Nada Drobne Popović	-	-	-	5.6	1.8	360,498
Jože Bajuk	-	-	-	-	2.1	288,763
Matija Bitenc	-	-	-	-	2.0	287,643
Jože Smolič	-	-	-	-	3.7	232,752
Zoran Gračner	-	-	-	-	20.4	122,822
Operations of the Group						
EBITDA	1.1	1.1	1.1	0.8	1.4	238,134,646
Net profit	1.1	1.1	1.1	0.7	1.7	124,481,361
Operating expenses/adjusted gross profit	1.0	1.0	1.0	1.2	0.9	78.2%
Net debt/EBITDA	0.9	0.7	1.1	1.1	1.1	2.1
Average remuneration to other Company and Group employees						
Company employees	1.2	1.3	1.1	1.0	1.1	27,132
Group employees	1.2	1.2	1.1	1.0	1.1	15,628

Comparison of remuneration to Supervisory Board members in the last five years

	2017 vs. 2016	2018 vs. 2017	2019 vs. 2018	2020 vs. 2019	2021 vs. 2020	2021 (absolute amount of the current reporting year)
Annual change						
Remuneration						
Janez Žlak	-	-	-	-	-	20,741
Borut Vrviščar	-	-	-	-	-	18,316
Aleksander Zupančič	-	-	-	-	-	17,445
Alenka Urnaut Ropoša	-	-	-	-	-	17,894
Mario Selecky	-	-	-	-	-	15,487
Mladen Kaliterna	1.0	1.0	1.2	1.0	1.3	30,896
Alen Mihelčič	-	1.2	1.2	1.1	1.2	28,833
Robert Ravnikar	-	1.2	1.2	1.1	1.3	29,449
Marko Šavli	-	-	-	-	21.7	23,079
Janez Pušnik	0.9	1.0	1.1	2.4	1.0	13,979
Sašo Berger	-	1.4	1.3	1.2	0.6	18,296
Igo Gruden	1.2	1.0	1.2	1.1	0.6	14,353
Metod Podkrižnik	-	1.4	1.1	1.0	0.6	13,511
Sergej Goriup	-	1.4	1.2	1.1	0.5	13,337
Zoran Gračner	1.1	1.0	1.1	1.0	0.3	6,598

8. Remuneration received from any of the Petrol group companies

The Management Board Members received remuneration in the amounts as presented in Table 2.

9. Shares and share options

The members of the Supervisory and Management Boards did not receive any shares or share options from the Company.

10. Clawback option

This option was not activated in 2021.

In accordance with the draft Remuneration Policy for Management and Supervisory Bodies of Petrol d.d., Ljubljana, the Company demands 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 payment date of remuneration, or a part thereof.

11. Financial perks, payments and services

11.1. There were no financial perks or payments and services approved or provided in 2021 by a third party to any member of the Management Board in relation to their activity in the 2021 business year.

11.2. In the 2021 business year, there were no financial perks or payments and services approved to any member of the Management Board for the event of early termination of office, including changes agreed in 2021.

11.3. In the 2021 business year, there were no financial perks or payments and services approved to any member of the Management Board for the event of ordinary termination of office, with relevant cash value and amount spent or set aside by the Company in the 2021 business year.

11.4. No Management Board member's term of office ended in the 2021 business year, hence no financial perks or payments and services were approved or provided in the last business year to a former Management Board whose term of office ended in the last business year.



Nada Drobne Popović
predsednica uprave



Matija Bitenc
član uprave



Jože Bajuk
član uprave



Jože Smolič
član uprave



Zoran Gračner
član uprave, delavski direktor

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Ljubljana, 10. marec 2022