

37th General Meeting of

PETROL, Slovenska energetska družba, d.d., Ljubljana

April 2023

Pursuant to its resolution of 6 April 2023, the Management Board of PETROL d.d., Ljubljana hereby invites shareholders to attend the

37th General Meeting of Petrol d.d., Ljubljana

to be held on Thursday, 18 May 2023, at 12:00 (noon) in the conference hall of PETROL d.d., Ljubljana, on Dunajska cesta 48, 1000 Ljubljana

1. Opening of the General Meeting and election of working bodies

Resolution proposal:

1.

Attorney Uroš Pogačnik from a Grosuplje-based Law Firm Čeferin, Pogačnik, Novak, Koščak in partnerji, o.p., d.o.o. shall be elected Chairman of the General Meeting, and Gregor Mavsar and Barbara Jama Živalič as officials responsible for counting the votes.

The General Meeting is informed that the notarial protocol will be drawn up by Bojan Podgoršek, Notary Public from Ljubljana.

2. Presentation of the Annual Report for 2022 and Report of the Supervisory Board on the Verification of the Annual Report for 2022; Report on Remuneration to Management and Supervisory Bodies of Petrol d.d., Ljubljana in the 2022 financial year; use of profit for appropriation and granting of discharge

Resolution proposal:

2.1.

The profit for appropriation as at 31 December 2022, amounting to EUR 61,847,940 will be distributed as follows:

- part of the profit for appropriation amounting to EUR 28,778,092 will be distributed as dividend payments to shareholders: gross dividend of EUR 0.7 per share (own shares do not participate),
- the remaining part of the profit for appropriation in the amount of EUR 33,069,848 and any amounts which may result from the number of own shares on the record date and from rounding off the dividend payment figures, will be transferred to other profit reserves.

The Company will pay out dividends on 4 August 2023 to the shareholders registered at KDD (Central Securities Clearing Corporation) as at 3 August 2023.

2.2.

The General Meeting has taken note and hereby endorses the Report on Remuneration to Management and Supervisory Bodies of Petrol d.d., Ljubljana in the 2022 financial year.

2.3.

The General Meeting gives a discharge to the Management Board of the Company for the 2022 financial year.

2.4.

The General Meeting gives a discharge to the Supervisory Board of the Company for the 2022 financial year.

3. Remuneration Policy for Management and Supervisory Bodies of Petrol d.d., Ljubljana

Resolution proposal:

3.1.

The General Meeting hereby endorses the Remuneration Policy for Management and Supervisory Bodies of Petrol d.d., Ljubljana.

Resolution under point 1 is proposed by the Management Board, resolutions under points 2 and 3 are proposed by the Management and Supervisory Boards. Pursuant to Article 304 of the Companies Act (ZGD-1), the 37th General Meeting of Shareholders of PETROL, Slovenska energetska družba, d.d., Ljubljana shall be attended by Bojan Podgoršek, Notary Public from Ljubljana.

Information for shareholders:

1. Total number of shares and voting rights as at the date of convening the General Meeting

As at the day of convening the General Meeting, the Company has **41,726,020** ordinary registered no-par value shares. In accordance with the law, each ordinary share entitles its holder to one vote at the General Meeting. On the day of convening the General Meeting, the Company holds **614,460** own non-voting shares, **40,500** other non-voting shares, and **41,071,060** voting shares.

2. Information on additional items on the agenda

The shareholders whose total interests account for one-twentieth of the Company's share capital may, after the notice to convene the General Meeting has been published, make a written request to include an additional item on the agenda. The request must be accompanied by a written proposal of the resolution to be discussed by the General Meeting, or, if the General Meeting does not adopt a resolution for a particular item on the agenda, an explanation regarding such agenda item. Such a request is to be sent to the Company not later than within seven days from the publishing of the notice convening the General Meeting.

Pursuant to the third paragraph of Article 298 of the Companies Act (ZGD-1), the Management Board



will publish those additional agenda items for which requests are sent to the Company not later than within seven days from the publishing of this notice to convene the General Meeting.

Shareholders may also submit their requests for additional agenda items by e-mail to the following address: **skupscina@petrol.si**. Requests to add items on the agenda that are submitted by e-mail must be sent in a scanned form as attachment and must contain a personal signature of a natural person, or, in the case of a legal entity, a personal signature of a representative and a stamp/seal if used by such a legal entity. The Company is entitled to verify the identity of the shareholder or the person who submits the request or proposal by e-mail, as well as the authenticity of their signatures.

Any additional item on the agenda may only be discussed at the General Meeting if published in the same manner as the notice to convene the General Meeting at least 14 days prior to the General Meeting; otherwise it will be discussed at the next General Meeting. The Management Board shall arrange for a clean copy of the agenda to be published within the same deadline and in the same manner.

3. Information on shareholders' proposals

Shareholders may propose resolutions and voting proposals in writing for each agenda item. The Management Board shall publish the proposals of shareholders only if they send reasonably argued proposals to the Company within seven days from the publishing of the notice to convene the General Meeting and give notification that they will oppose the proposal made by the management or supervisory body at the General Meeting and that they will persuade other shareholders to vote for their proposal. A voting proposal does not need to be substantiated.

Shareholders may also send their resolution proposals and voting proposals by e-mail to the following address: **skupscina@petrol.si**. Any resolution proposals or voting proposals sent by e-mail shall be sent in a scanned form as attachment and must contain the personal signature of a natural person, or, in the case of a legal entity, the personal signature of a representative and a stamp/seal if used by such a legal entity. The Company is entitled to verify the identity of the shareholder or a person who submits a request or proposal by e-mail, as well as the authenticity of their signatures.

The Management Board shall not publish a shareholder's proposal and its substantiation:

- if the publication of such proposal would constitute a criminal offence or a minor offence;
 - if the proposal could lead to a resolution by the General Meeting that would be in conflict with the law or the Articles of Association;
 - if the substantiation of the proposal in essential points contains clearly incorrect or misleading information or insults;
 - if a shareholder's proposal with the same content has already been sent to the Company's General Meeting;
 - if during the last five years the same shareholder's proposal containing essentially the same substantiation has already been reported to at least two General Meetings of the Company and less than one-twentieth of the share capital represented at the General Meeting voted in favour of it;
 - if a shareholder announces their non-attendance and non-representation at the General Meeting;
- or
- if during the past two years the proposal of the shareholder which was included in their notification was not made by them or on their behalf at the General Meeting.

The Management Board will not publish the substantiation of a proposal if it contains more than 3000 characters. The Management Board shall be entitled to publish a summary of the proposals and their substantiations made by several shareholders on the same subject. The shareholders' proposals which have not been sent to the Company within seven days of the publication of the notice to

convene the General Meeting and have been submitted no later than at the General Meeting itself shall be discussed at the General Meeting.

4. Shareholders' right to be informed

At the General Meeting, the Management Board shall provide the shareholders with reliable information on the Company's affairs if such information is important for the assessment of the agenda. In order to answer shareholder questions with the same content, the Management Board shall provide a joint reply. The Management Board shall also give information on the Company's legal and business relationships with affiliated companies should this be needed for decisions regarding the agenda.

Notwithstanding the foregoing text, the Management Board shall not be required to provide information in the following cases:

- if the provision of information could, by reasonable economic judgement, cause damage to the Company or its affiliates;
- if the information refers to accounting and assessment methods, provided that the indication of these methods in the annex is sufficient for an assessment of the actual situation of the Company in terms of property, financial standing and profitability;
- if the provision of information would constitute a criminal offence, a minor offence or a breach of good business practices,
- if the information is published on the Company's website in the form of questions and answers at least seven days prior to the General Meeting.

If a shareholder is given information outside the General Meeting, the Management Board shall provide the same information to every other shareholder at their request, even if it is not required in order to consider an agenda item. If a shareholder does not receive information at the General Meeting, they can request that their enquiry and the reason on the basis of which the provision of information was refused are included in the minutes of the meeting.

5. Conditions applying to participation in the General Meeting and the exercise of voting rights

Only those shareholders who have registered, personally or through proxy, for the General Meeting and whose application has been received by the Management Board at least by the end of the fourth day prior to the General Meeting, that is, by **14 May 2023**, inclusive, and who are registered in the Central Book-Entry Securities Register as at the end of the day on **11 May 2023** ("**record date**") shall be entitled to participate in the General Meeting and exercise their voting rights. If a broker who is not the ultimate beneficial owner is recorded in the Central Register as a shareholder, the shareholders can exercise their voting right based on proof referred to in the second paragraph of Article 235.č of the ZGD-1 showing who the ultimate beneficial owner is on the record date. The registration forms shall be sent by post to the following address: Petrol d.d., Ljubljana, Uprava družbe – za skupščino, Dunajska cesta 50, 1000 Ljubljana, so that the Management Board receives them not later than by the end of the fourth day prior to the General Meeting. Registrations sent through electronic media will not be valid. Only the registration forms containing original signatures of the shareholders and/or representatives or proxies will be deemed to be valid. The registration form is available on the Company's website and can be obtained free of charge at the Company's headquarters in Ljubljana, Dunajska cesta 50 (information office) each workday from 10:00 to 13:00 from publishing the notice convening the General Meeting to the day of the General Meeting.

Each shareholder who is entitled to attend the General Meeting may authorise a proxy to register for participation on their behalf and to attend the General Meeting and exercise the shareholder's voting rights. Such authorisation shall be given in writing and submitted to the Company where it shall be kept. The forms for registration, participation and exercise of voting rights by proxy are available on the Company's website; they can also be obtained free of charge at the Company headquarters in

Ljubljana, Dunajska cesta 50 (information office), each workday from 10:00 to 13:00 from publishing the notice to convene the General Meeting to the day of the General Meeting. If the original of the registration form containing the signature of shareholder has been sent, it is enough to email the scanned authorisation form as an attachment to **skupscina@petrol.si**; the scanned authorisation form must contain the personal signature of a natural person, or, in the case of a legal entity, a personal signature of representative and a stamp/seal if used by such a legal entity. The Company is entitled to verify the identity of a shareholder or a person who submits the authorisation by e-mail, as well as the authenticity of their signatures. Shareholders are entitled to revoke the authorisation in the same manner as when submitting it, at any time before the day of the General Meeting.

A proxy may exercise or entrust the exercising of a voting right for shares that they do not hold only if they have been granted written proxy authorisation to do so. A proxy shall keep the authorisation so as to ensure that it can be verified. Authorisation may be issued to an individual proxy and be ~~revoked~~ at any time. A proxy is entitled to authorise persons not employed by them to exercise the proxy authorisation only if this is explicitly permitted in the authorisation. If based on authorisation a proxy exercises a voting right on behalf of a shareholder, the proxy authorisation document shall be submitted to the Company where it shall be kept. A proxy shall call upon the relevant shareholder to provide them with instructions for exercising the voting right and shall stress that their potential failure to provide instructions for exercising the voting right shall result in the voting right being exercised under such proxy's own proposals, which shall be notified to the shareholder, except if it can be presumed that the shareholder would approve of their different decision if they were aware of the actual situation. The same rules such as defined in this paragraph shall apply *mutatis mutandis* to fiduciary account holders in relation to shares that they do not hold, voting advisors and other persons exercising a voting right in the name of a shareholder on the basis of a proxy authorisation as their activity.

Upon request, shareholders and/or their representatives or proxies must present a personal identity document and written authorisation; a legal representative must also present an extract from the Register of Companies or Business Register.

The shareholders are kindly asked to register at the reception office one hour prior to the commencement of the meeting to confirm their attendance by affixing their signatures to the list of shareholders and to collect the voting papers.

The General Meeting will commence at 12:00 (noon). Should a quorum not be present, the General Meeting will be adjourned and resumed at 14:00 on the same day and the same premises, regardless of the share capital represented.

PETROL, Slovenska energetska družba, d.d., Ljubljana

Nada Drobne Popović
President of the Management Board

Janez Žlak
President of the Supervisory Board

Working papers to Item 1 of the Agenda

1. Opening of the General Meeting and election of working bodies

Resolution proposal:

1.

Attorney Uroš Pogačnik from a Grosuplje-based Law Firm Čeferin, Pogačnik, Novak, Koščak in partnerji, o.p., d.o.o. shall be elected Chairman of the General Meeting, and Gregor Mavsar and Barbara Jama Živalič as officials responsible for counting the votes.

The General Meeting is informed that the notarial protocol will be drawn up by Bojan Podgoršek, Notary Public from Ljubljana.

Substantiation:

There are no specific working papers for this point. The Management Board proposes the General Meeting that the working bodies of the General Meeting be elected, i.e. the Chairperson and two officials responsible for counting the votes. The election of the working bodies will ensure the lawful conduct of the General Meeting. In accordance with the Companies Act (ZGD-1), a notary must also be present at the General Meeting in order to draw up minutes of the General Meeting.

Explanation regarding the majority required to adopt the resolution proposal:

The resolution is adopted by a majority of the votes cast.

The resolution is proposed by the Management Board of the Company.

Working papers to Item 2 of the Agenda

2. Presentation of the Annual Report for 2022 and Report of the Supervisory Board on the Verification of the Annual Report for 2022; Report on Remuneration to Management and Supervisory Bodies of Petrol d.d., Ljubljana in the 2022 financial year; use of profit for appropriation and granting of discharge

Resolution proposal:

2.1.

The profit for appropriation as at 31 December 2022, amounting to EUR 61,847,940 will be distributed as follows:

- part of the profit for appropriation amounting to EUR 28,778,092 will be distributed as dividend payments to shareholders: gross dividend of EUR 0.7 per share (own shares do not participate),
- the remaining part of the profit for appropriation in the amount of EUR 33,069,848 and any amounts which may result from the number of own shares on the record date and from rounding off the dividend payment figures, will be transferred to other profit reserves.

The Company will pay out dividends on 4 August 2023 to the shareholders registered at KDD (Central Securities Clearing Corporation) as at 3 August 2023.

2.2.

The General Meeting has taken note and hereby endorses the Report on Remuneration to Management and Supervisory Bodies of Petrol d.d., Ljubljana in the 2022 financial year.

2.3.

The General Meeting gives a discharge to the Management Board of the Company for the 2022 financial year.

2.4.

The General Meeting gives a discharge to the Supervisory Board of the Company for the 2022 financial year.

Substantiation:

Pursuant to Article 294 of the Companies Act (ZGD-1), at the same time as deciding on the use of the profit for appropriation, the General Meeting shall also decide on the granting of discharge to the Management Board and the Supervisory Board members. According to the abovementioned Act, the debate on the granting of discharge shall be linked to the debate on the use of the profit for appropriation; the Management Board shall submit the Annual Report and the Report of the

Supervisory Board on the Verification of the Annual Report to the General Meeting for the purpose of decision making.

Article 294.b of the ZGD-1 stipulates that the Company whose securities are traded on the regulated market shall also prepare a transparent and clear report on remuneration which includes a comprehensive overview of remuneration, including all perks of any form which the Company provided or owed to individual members of the management and supervisory bodies in the last financial year. The Report on Remuneration was reviewed by the auditor who prepared a report on the review; it is attached to the Report on Remuneration. The General Meeting is entitled to vote by way of consultation on the Report on Remuneration for the last financial year. After being voted on at the General Meeting, the Report on Remuneration shall be immediately published on the Company's website where it shall be publicly available free of charge for at least ten years. After the ten years, the personal information of the Management Board and the Supervisory Board members indicated in the Report on Remuneration shall no longer be publicly available.

Taking into account the foregoing text, the General Meeting will discuss and present the Annual Report for 2022 and the Supervisory Board's report on its endorsement of the Annual Report for 2022 in the scope of the same agenda item and prior to discussing and deciding on the use of the profit for appropriation and on the granting of discharge. The President of the Supervisory Board will also read a special report to the General Meeting on the endeavours in the field of implementing the adopted Diversity Policy. The Management Board will also inform the General Meeting on the report on remuneration paid to the members of the management and supervisory bodies for their work in the Company in the 2022 financial year. As the abovementioned issues are related by content, they should all be discussed at the same time.

The resolution proposal regarding the use of the profit for appropriation and dividend payment is based on the achieved results, the Company's development plan, as well as on the Supervisory and Management Boards' assessment on the appropriateness of such use. Each year, the Company determines the dividend payment date in its Financial Calendar, which is in the first half of August; this year, the dividend payment day is 4 August 2023. The deadline for payment of dividends is longer than in the case of the majority of shareholder companies listed in the Ljubljana Stock Exchange (Prime Market), but notwithstanding this, the Company is among the first to pay out dividend because it is one of the first to hold its Annual General Meeting.

The resolution proposal regarding the granting of discharge proposes that the General Meeting confirm and approve the work of the Management Board and the Supervisory Board in the 2022 financial year. Pursuant to the recommendation of the Corporate Governance Code for Public Limited Companies, this proposal shall be voted on separately for the Management Board and the Supervisory Board.

From 1 January 2022 to 31 December 2022, the Company was managed by the Management Board in the following composition: Nada Drobne Popović – Management Board President, Matija Bitenc – Management Board Member, Jože Bajuk – Management Board Member, Jože Smolič – Management Board Member and Zoran Gračner – Management Board Member and Worker Director.

In the 2022 financial year, the Supervisory Board had the following members:

Janez Žlak (President)
Borut Vrviščar (Deputy President)
Alenka Urnaut (Member)
Mario Selecky (Member)
Aleksander Zupančič (Member)
Mladen Kaliterna (Member)
Alen Mihelčič (Member)

Robert Ravnikar (Member)
Marko Šavli (Member)

Attachments to item 2 of the agenda:

- Annual Report for 2022 with Report of the Supervisory Board on the Verification of the Annual Report for 2022; (Annual Report available on the following link <https://seonet.ljse.si/esef/52836/>);
- Report on Remuneration to Management and Supervisory Bodies of Petrol d.d., Ljubljana in the 2022 Financial Year.

Explanation regarding the majority required to adopt the resolution proposal:

The resolution is adopted by a majority of the votes cast.
The resolution is proposed by the Management Board and the Supervisory Board.

PETROL

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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 2022 FINANCIAL YEAR

I. PREAMBLE

Pursuant to Article 294.a of the ZGD-1, the Company prepared the Remuneration Policy for Management and Supervisory Bodies of Petrol d.d., Ljubljana (hereinafter: "Remuneration Policy") in 2022 and presented it for consultation and endorsement at the 34th General Meeting of the Company's Shareholders on 21 April 2022. Due to comments regarding certain inconsistencies with some of the provisions of SSH Recommendations on Formulating Remuneration Policy for SOE's management bodies, SSH (SDH d.d.) did not endorse the Remuneration Policy. The Company stresses that the Company's reference code is the Slovenian Corporate Governance Code for Listed Companies and the proposed Remuneration Policy was in compliance with the provisions thereof. Pursuant to the third paragraph of Article 294.a of the ZGD-1, if the general meeting does not endorse the proposed remuneration policy, the company shall submit an amended remuneration policy for vote at the next the general meeting. The company can only set remuneration for members of the management and supervisory bodies and executive directors in accordance with the remuneration policy submitted to the general meeting to be endorsed by means of voting. Since this report is included on the agenda of the General Meeting where the adoption of the remuneration policy 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 2022 financial year, but it does not (yet) include the contents referring to compliance with the Remuneration Policy.

In 2022, 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. In 2022, the composition of the Supervisory Board did not change and was made up of: President Janez Žlak, Deputy President Borut Vrviščar, Members Alenka Urnaut, Mario Selecky, Mladen Kaliterna and Aleksander Zupančič, all of whom shareholder representatives, and Members Robert Ravnkar, 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 on the Supervisory

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Board. Their remuneration is fixed; they are not entitled to the variable remuneration, that is, based on corporate performance. The accurate amounts of payments are determined by means of a General Meeting's resolution.

At the 29th General Meeting of the Company held on 18 April 2019, resolution No 5.1., determining payments to the Supervisory Board Members was adopted and is available on the following link:
<file:///C:/Users/tlm0nb3.PETROLAD/Downloads/Sklepi%2029.%20skup%C5%A1%C4%8Dine.pdf>

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

At the 33rd General Meeting held on 22 April 2021, resolution No 5.1., determining remuneration for the Supervisory Board Members was adopted and is available on the following link:
[file:///C:/Users/tlm0nb3.PETROLAD/Downloads/Sklepi%20za%20objavo%2033.%20skup%C5%A1%C4%8Dine%2022.4.2021%20SLO%20\(3\).pdf](file:///C:/Users/tlm0nb3.PETROLAD/Downloads/Sklepi%20za%20objavo%2033.%20skup%C5%A1%C4%8Dine%2022.4.2021%20SLO%20(3).pdf)

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 2022 financial year (and a comparison with the 2021 financial year) based on the abovementioned resolutions are presented in Table 1:

Table 1

Name and surname	Function		
	Supervisory Board	Audit Committee	Committees
Janez Žiak	President from 22 April 2021		HRMBEC*
Borut Vrnšičar	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 Uraut	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 16 April 2021	
Alen Miheličič	Member		Member
Robert Ravnikar	Member	Member from 22 April 2021	Member until 10 April 2021
Marko Šavi	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 from 10 April 2021 to 20 November 2022	
Sabina Mežnar		External member from 21 November 2022	
Sašo Berger	President until 10 April 2021		Member until 10 April 2021
Igo Grudon	Deputy President until 10 April 2021	Member until 10 April 2021	
Metod Podkrižnik	Member until 10 April 2021	Member until 10 April 2021	
Sergej Gorjup	Member until 10 April 2021		President until 10 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 2022 financial year

Name and surname	(1) Basic payment		(2) SB and Committee attendance fees		(3) total (1+2)	Sum	(4) Travel expenses*	(5) Remuneration from any Group company
	SB	Committees	SB	Committees				
Janez Žlak	22,500	3,750	4,675	220	31,145	453	0	
Borut Vrníščar	16,500	5,625	4,125	220	26,470	0	0	
Aleksander Zupančič	15,000	3,750	4,675	1,936	25,361	0	0	
Alenka Urnaut	15,000	5,625	4,400	1,936	26,961	0	0	
Mario Selecky	15,000	3,750	3,795	220	22,765	0	0	
Mladen Kaliterna	15,000	3,750	4,675	1,936	25,361	0	0	
Alen Mihelčič	15,000	3,750	4,675	220	23,645	0	0	
Robert Ravnikar	15,000	3,750	4,675	1,936	25,361	0	0	
Marko Šavli	15,000	3,750	4,675	220	23,645	0	0	
Janez Pušnik	0	3,617	0	1,452	5,069	0	0	
Sabina Merhar	0	883	0	440	1,323	0	0	
Total	144,000	42,000	40,370	10,736	237,106	453	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 2021 financial year

Name and surname	(1) Basic payment		(2) SB and Committee attendance fees		(3) total (1+2)	Sum	(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 Vrníščar	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	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.

III. MANAGEMENT BODY

Pursuant to the Company's Articles of Association, the Company's management body is the Management Board. As at 31 December 2022, 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 2022, remuneration of the Management Board consisted of the fixed and variable parts and other perks. Severance was not paid to management body members in 2022. 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 2022 financial year (and comparison with 2021) are presented in Table 2 for each member of the Management Board.

PETROL

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1. Fixed part

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 and did not depend on the business 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.

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

In 2022, the Management Board received the fixed part of remuneration in amounts as presented in Table 2.

2. Variable part

In the 2022 financial year, the variable remuneration was determined and paid based on the Petrol Group’s performance in the 2021 financial year and was primarily intended to reward the Management Board for the results achieved and their commitment in 2021.

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 and the procedure of establishing the Management Board’s performance and the determination of the variable part of 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 business 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 2021 financial year, based on which the Management Board members were paid the variable part of remuneration in 2022, were:

- **Achieving business activity growth:** the Petrol Group's EBITDA achievement criterion was applied.
- **Operational productivity:** it was measured as the operating costs to the adjusted gross profit ratio.
- **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 2021 financial year based on which the Management Board members were paid the variable part of remuneration in 2022, 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, consolidating the position in existing markets and entering new markets, with the goal to achieve long-term business 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 stakeholder chain was measured with the purpose to enhance corporate responsibility.

In 2022, the variable remuneration was paid out in cash.

Based on business performance in 2021 and the Supervisory Board's resolution, the Management Board received the variable remuneration in 2022 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 2022 financial year (and the 2021 financial 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 2022 financial year (and the 2021 business year) are presented in Table 2.

5. Severance pay

No severance was paid for the Management Board in 2022.

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

Prejemki članov uprave v poslovnem letu 2022

Ime in priimek, funkcija	(1) Fiksni prejemki	(2) Variabilni prejemki *	(3) Bonitete in druge pravice	(4) Odpornine, izpolnitve konkurenčne klavzule, druga plačila ob prenehanju	(5) Vračilo izplačane nagrade (clawback)	(6) Malusi (vračila prejem kov)	(7) Skupno plačilo ^{***} (1+2+3+4- 5-6)	(8) Delež variabilnih prejemkov iz finančnih in nefinančnih meril		(9) Delež fiksnih in variabilnih prejemkov (xx% / yy%)	(10) Razmerje do povprečne plače zaposlenih (večkratnik) Družba	(11) Prejemki od katere koli družbe v skuplini	
								xx%	yy%				
Nada Drobne Popovič, predsednica uprave	248.159	192.895	45.570	0	0	0	487.424	48,82%	51,36%	50,36%	43,51%	17,03	0
Jože Bajuk, član uprave	212.017	163.620	35.836	0	0	0	411.473	48,88%	51,34%	50,44%	43,58%	14,38	12.077
Maja Blenc, član uprave	212.042	163.620	34.889	0	0	0	410.551	48,88%	51,34%	50,44%	43,58%	14,35	12.077
Jože Smolč, član uprave	212.090	163.620	26.706	0	0	0	402.326	48,88%	51,34%	50,44%	43,58%	14,06	0
Zoran Gračner, delavski direktor	128.953	45.615	3.306	0	0	0	177.874	50,43%	49,57%	73,87%	29,15%	8,22	0
Skupaj	1.014.171	728.170	146.307	0	0	0	1.888.648						24.155

* Variabilni prejemki so vsi izplačani

Opomba: Regres za leto 2022 izplačan upravi v skupnem znesku 0.000 EUR

Remuneration to Management Board Members in the 2021 financial year

Name and 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) Makes (return of remuneration)	(7) Total payment (1+2+3+4-5-6)	(8) Share of variable remuneration from financial and non-financial criteria	(9) Share of fixed and variable remuneration (x%/y%)	(10) Ratio to average employee salary (multiple) Company	(11) Remuneration from any Group company
Nada Drobne Popović, President	197,066	133,387	28,945	0	0	0	359,398	25% / 75%	58,64% / 40,36%	12,95	0
Jože Bajuk, Member	168,000	91,921	27,742	0	0	0	287,663	25% / 75%	64,64% / 35,36%	10,37	0
Matija Bitenc, Member	168,000	91,921	26,622	0	0	0	286,543	25% / 75%	64,64% / 35,36%	10,33	0
Jože Smolič, Member	168,000	39,756	23,896	0	0	0	231,652	25% / 75%	80,86% / 19,14%	8,35	0
Zoran Gračner, Worker Director	106,406	11,864	3,452	0	0	0	121,723	25% / 75%	89,97% / 10,03%	4,39	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

7. ANNUAL CHANGE OF REMUNERATION, CORPORATE PERFORMANCE, AVERAGE EMPLOYEE REMUNERATION

The data for the last five financial 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

Annual change	2018 vs. 2017	2019 vs. 2018	2020 vs. 2019	2021 vs. 2020	2022 vs. 2021	2022 (absolute amount for the current reporting year)
Remuneration						
Nada Drobne Popović	-	-	5.6	1.8	1.4	487,424
Jože Bajuk	-	-	-	2.1	1.4	411,473
Matija Bitenc	-	-	-	2.0	1.4	410,551
Jože Smolič	-	-	-	3.7	1.7	402,326
Zoran Gračner	-	-	-	20.4	1.4	177,874
Operations of the Group						
EBITDA	1.1	1.1	0.8	1.4	0.4	96,317,947
Net profit	1.1	1.1	0.7	1.7	0.0	-2,685,806
Operating expenses/adjusted gross profit	1.0	1.0	1.2	0.9	1.5	117.0
Net debt/EBITDA	0.7	1.1	1.1	1.1	2.6	5.4
Average remuneration to other Company and Group employees						
Company employees	1.3	1.1	1.0	1.1	1.0	28,617
Group employees	1.2	1.1	1.0	1.1	1.2	16,161

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

Annual change	2018 vs. 2017	2019 vs. 2018	2020 vs. 2019	2021 vs. 2020	2022 vs. 2021	2022 (absolute amount for the current reporting year)
Remuneration						
Janez Žlak	-	-	-	-	1.5	31,598
Borut Vrvščar	-	-	-	-	1.4	26,470
Aleksander Zupančič	-	-	-	-	1.5	25,361
Alenka Urnaut	-	-	-	-	1.5	26,961
Mario Selecky	-	-	-	-	1.5	22,765
Mladen Kaliterna	1.0	1.2	1.0	1.3	0.8	25,361
Alen Mihelčič	1.2	1.2	1.1	1.2	0.8	23,645
Robert Ravnikar	1.2	1.2	1.1	1.3	0.9	25,361
Marko Šavli	-	-	-	21.7	1.0	23,645
Janez Pušnik	1.0	1.1	2.4	1.0	0.4	5,069
Sabina Merhar	-	-	-	-	-	1,323
Sašo Berger	1.4	1.3	1.2	0.6	-	-
Igo Gruden	1.0	1.2	1.1	0.6	-	-
Metod Podkrižnik	1.4	1.1	1.0	0.6	-	-
Sergej Goriup	1.4	1.2	1.1	0.5	-	-
Zoran Gračner	1.0	1.1	1.0	0.3	-	-

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 2022.

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 and if the reasons for nullity refer to items or facts based on which the variable remuneration was determined.

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 2022 by a third party to any member of the Management Board in relation to their activity in the 2022 financial year.

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11.2. In the 2022 financial 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 2022.

11.3. In the 2022 financial 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 2022 financial year.

11.4. No Management Board member's term of office ended in the 2022 financial year, hence no financial perks or payments and services were approved or provided in the relevant financial year to a former Management Board whose term of office ended in the last business year.



Nada Drobne Popović
President of the Management Board



Matija Bitenc
Member of the Management Board



Jože Bajuk
Member of the Management Board



Jože Smolič
Member of the Management Board



Zoran Gračner
Member of the Management Board, Worker Director

Petrol d.d., Ljubljana, Dunajska cesta 50, 1000 Ljubljana, Slovenia
Ljubljana, 6.4. 2023



Independent auditor's report on the limited assurance engagement in relation to the Remuneration Report

To the General Shareholders' Meeting, the Supervisory Board and the Management of Petrol d.d.

Introduction

We have been engaged by the Management Board of Petrol d.d. (the "Company") on the basis of an agreement to conduct a limited assurance engagement for the verification of completeness and compliance with applicable requirements of the attached Report on Remuneration by the members of the management and supervisory bodies of the Company Petrol d.d., Ljubljana for the 2022 financial year (the "Remuneration Report").

Description of the subject matter and applicable criteria

The Remuneration Report was prepared by the Company's Management and the Supervisory Board to comply with the requirements of Art. 294.b of the Companies Act (Official Gazette of the RS, no. 42/06 dated 19 April 2006 with amendments) (hereinafter "ZGD-1"). The applicable requirements regarding the Remuneration Report are contained in the ZGD-1.

The requirements referred to in the preceding paragraph determine the basis for preparation of the Remuneration Report (hereinafter the "Basis for Preparation") and, in our view, constitute appropriate criteria to form the limited assurance conclusion.

According to the requirements of Art. 294.b, paragraph 6 of the ZGD-1, the Remuneration Report is subject to review by an auditor to check whether the Remuneration Report contains the information required under Art. 294.b paragraphs 2 and 3 of the ZGD-1. This report fulfils these requirements.

Responsibilities of the Management and the Supervisory Board

The Company's Management and the Supervisory Board are responsible for the preparation and completeness of the Remuneration Report and its compliance with the Basis for Preparation. The Company's Management and the Supervisory Board are responsible for the selection and application of the appropriate methods for preparation of financial data and non-financial information as well as for the design, implementation and maintenance of systems and processes of internal control and accounting records that are necessary to enable preparation of a Remuneration Report that is free of material misstatements and complies with the applicable requirements.

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Matriculation No.: 5717159, VAT No.: SI35498161

The company is entered into the company register at Ljubljana District Court under Insert no. 12156800 per resolution Srg. 200110427 dated 19 July 2001 and into the register of audit companies at the Agency for Public Oversight of Auditing under no. RD-A-014/94. The registered share capital is EUR 34,802. The list of employed auditors with valid licenses is available at the company's registered office.

Translation note:

This version of our report is a translation from the original, which was prepared in Slovenian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



Our responsibility

Our responsibility is to assess the completeness and compliance with the applicable requirements of the information contained in the attached Remuneration Report and to express, based on the evidence obtained, an independent limited assurance conclusion based on the limited assurance engagement performed.

We have conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) – “Assurance Engagements Other than an Audit or Review of Historical Financial Information”. This standard requires that we comply with ethical requirements, plan and perform procedures to obtain limited assurance whether the Remuneration Report is prepared, in all material aspects, in accordance with the applicable requirements.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Quality Control requirements

We apply the provisions of the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants. The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining limited assurance whether the Remuneration Report was prepared, in all material aspects, in accordance with the applicable requirements, is complete and free from material misstatements and omissions. Our procedures included, in particular:

- analysis of the Remuneration Report and comparing the information contained therein with the applicable requirements;
- analysis of the resolutions of the General Shareholders' Meeting of the Company regarding the remuneration policy for members of the Management and the Supervisory Board as well as any supplementary resolutions of the Supervisory Board and other documents regulating the remuneration policy subject to the disclosure requirement in the Remuneration Report;
- understanding the procedures adopted by the Management and the Supervisory Board of the Company to meet the requirements of the preparation of the Remuneration Report, including understanding the relevant internal control procedures to the extent necessary to assess the risk of material misstatement or the omission of significant information;
- identifying, by comparing with corporate documents, a list of persons for whom there is a requirement to include information in the Remuneration Report and verifying, through inquiries of

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persons responsible for preparing the report, and, where we consider it appropriate, also directly with persons subject to the requirement provide information on, whether all information covered by the criteria for the preparation of the Remuneration Report are disclosed in the Remuneration Report;

- where we consider it appropriate to assess the compliance of the Remuneration Report with applicable regulations, reconciliation of the financial data regarding remuneration presented in the Remuneration Report to the Company's accounting books and relevant source documents;
- where we consider it appropriate to assess the completeness of the Remuneration Report with the applicable regulations, reconcile with the relevant source documents whether the non-financial information required for disclosure in the Remuneration is accurate and does not omit material facts.

The Remuneration Report was not subject to audit as defined in International Standards on Auditing. In the course of performing the assurance procedures, we have not conducted an audit or review of the historical financial information used in the process of preparation of the Remuneration Report and we therefore do not accept any responsibility for the issuance or update of any reports or opinions on historical financial information of the Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Limited assurance conclusion

In our opinion, based on the limited assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Remuneration Report is not complete and does not comply, in all material aspects, with the applicable requirements contained in the Basis for Preparation.

Emphasis of Matter – Remuneration policy is not yet approved by the shareholders

We draw attention to *Note 1. Preamble*, in the Remuneration Report, where Management disclosed that up to the date of the issuance of the Remuneration report, the remuneration policy was not yet approved by the shareholders as required by law. Our limited assurance conclusion is not modified in respect of this matter.

Limitation of application

This report has been prepared by the company PricewaterhouseCoopers d.o.o. for the General Shareholders' Meeting, the Supervisory Board and the Management of the Company and is intended solely to fulfil the purpose described in the section *Description of the subject matter and applicable criteria*. It should not be used for any other purpose.

In connection with this report, the company PricewaterhouseCoopers d.o.o. does not accept any liability resulting from contractual and non-contractual relationships (including for negligence) with entities other than the Company in the context of this report. The above does not relieve us of liability where such release is excluded by law.

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The Management of the Company is responsible for publishing the Remuneration Report on the Company's website and for providing access to it free of charge for at least 10 years from the date of the General Meeting at which the resolution evaluating the Remuneration Report was adopted, and for the reliability of information on the Company's website. The scope of our work does not include an assessment of these matters. Accordingly, we are not responsible for any changes that may have been made to the information which is the subject of our assessment or for differences, if any, between the information covered by our report and the information provided on the Company's website.

For and on behalf of PricewaterhouseCoopers d.o.o.

Primož Kovačič
Director, Certified Auditor

Dušan Hartman
Certified Auditor

Ljubljana, Slovenia, 13 April 2023

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Working papers to Item 3 of the Agenda

3. Remuneration Policy for Management and Supervisory Bodies of Petrol d.d., Ljubljana

Resolution proposal:

3.1.

The General Meeting hereby endorses the Remuneration Policy for Management and Supervisory Bodies of Petrol d.d., Ljubljana.

Substantiation:

Pursuant to Article 294.a of the Slovenian Companies Act (ZGD-1) a company whose securities are traded on a regulated market shall draw up a remuneration policy for management and supervisory bodies, which is to be submitted to the General Meeting for endorsement. The remuneration policy shall be transparent and clear and it must include at least the parts set forth in the second paragraph of Article 294.a of the ZGD-1. The Company sets remuneration for management and supervisory bodies solely in accordance with the Remuneration Policy as submitted to the General Meeting for endorsement by way of a vote. After being voted on at the General Meeting, the Remuneration Policy shall be immediately published on the Company's website, including the date and the result of the vote, where it shall be publicly available free of charge at least for as long as it is in effect, but not less than ten years.

Pursuant to Article 294.a of the ZGD-1, the Company prepared the Remuneration Policy for Management and Supervisory Bodies of Petrol d.d., Ljubljana (hereinafter: "Remuneration Policy") and presented it for consultation and endorsement at the 34th General Meeting of the Company's Shareholders on 21 April 2022. Due to comments regarding certain inconsistencies with some of the provisions of SSH Recommendations on Formulating Remuneration Policy for SOE's management bodies, the General Meeting of Shareholders did not endorse the Remuneration Policy. The Company stresses that the reference code of the Company is the Slovenian Corporate Governance Code for Listed Companies and the proposed Remuneration Policy was in compliance with the provisions thereof. Pursuant to the third paragraph of Article 294.a of the ZGD-1, if the general meeting does not endorse the proposed remuneration policy, the company shall submit an amended remuneration policy for vote at the next the general meeting.

In accordance with the foregoing, the Company prepared an updated Remuneration Policy for Management and Supervisory Bodies of Petrol d.d., Ljubljana, which was endorsed by the Supervisory Board on 13 April 2023. The Supervisory Board and the Management Board propose that the General Meeting endorse it. The General Meeting shall hold an advisory vote on the Remuneration Policy.

Attachments to item 3 of the Agenda:

- Remuneration Policy for Management and Supervisory Bodies of Petrol d.d., Ljubljana

Explanation regarding the majority required to adopt the resolution proposal:

The resolution is adopted by a majority of the votes cast.

The resolution is proposed by the Management Board and the Supervisory Board.



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 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 regulated in accordance with the Rules.

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 COMPONENTS

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 benefits** 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, including the recently merged 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 upper limit for the base part of remuneration is determined in the monthly gross amount from ~~EUR 22,000~~ to EUR 40,000.

The base salary is aligned annually with the employment market conditions applicable to managers of comparable companies in comparable economic environments. Every two years, the base salary amount is increased based on the respective consumer price index growth for the last two years.

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. The criteria for variable remuneration are financial and non-financial. The share of non-financial criteria, compared to the share of financial criteria, accounts for at least one third.

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%.

Variable remuneration includes monetary and non-monetary payments. Non-monetary payments include shares, share call options, derivatives, etc.

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 net profit – 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

Non-financial criteria include those that demonstrate the success in strategy implementation and operational growth, consideration of the interests of Company stakeholders and criteria used to

pursue the management, environmental and social objectives of the Company's operations. 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, separately for each year, in accordance with the fourth paragraph of point 3.1.3. herein, 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. Shares and share call options

A maximum of 50 percent of the awarded variable remuneration may be awarded in the form of share options or shares or a combination of both. Exercise of share options or payment of shares is related to the share or option bonus scheme as confirmed or approved by the General Meeting, in which the following must be determined:

- The period of award,
- The explanation as to how this type of remuneration contributes to promoting the business strategy, long-term development and sustainability of the Company,
- Method of determining the (initial) share value (on the award date) and vesting method,
- The conditions which must be fulfilled for vesting for the relevant year,
- The deadline for the enforcement of the option entitlement,
- The method of providing shares for exercising option entitlements,
- The conditions that must be fulfilled for exercising the option entitlement,

Retaining a part of shares after award.

3.1.3.6. 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.

Under exceptional and specifically reasoned circumstances, the Supervisory Board may exceptionally decide that the variable remuneration be paid in full.

3.1.3.7. 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;
- it finds based on a special auditor's report that the criteria for the determination of the variable remuneration were incorrectly applied or that the decisive accounting, financial and other data and indicators were incorrectly determined or considered.

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. The return of the already paid variable component is generally executed by offsetting the awarded, yet unpaid parts of the variable remuneration, whereby the offset option is also agreed in the employment contract or civil-law contract.

3.1.4. FIXED-TO-VARIABLE REMUNERATION RATIO

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

Under exceptional and specifically reasoned circumstances, the Supervisory Board may exceptionally decide that the share referred to in the previous paragraph be increased.

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,
- the removal resulting from long illness or permanent inability to work, and
- the consensual termination of office in the absence of fault-based grounds.

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. In case of early termination of office of a Management Board member whose term of office lasted less than one year, the maximum severance pay amount can be a three-month gross base pay, such as determined in a contract with such member. The amount of severance pay shall in no case exceed the total amount of the gross base pay attributable to a member of the management body until the end of the contractual term of office in case of regular end of office.

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.

In the absence of fault-based grounds for removal, an agreement may be concluded on early termination of office on the initiative of one or another party, provided that this is in the interest of both parties, such as if a Management Board member does not achieve optimal business results, does not have optimal organisational skills or if there is no special trust between a Management Board member and the Supervisory Board. The expected benefits for the Company must be higher than the amount of severance pay and potential other expenditures that need to be paid upon entering into the agreement.

3.1.6. OTHER RIGHTS OTHER REMUNERATION

3.1.6.1. Benefits

Management Board Members are further entitled to the following benefits:

- **the right to the payment of 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, whereby the total annual amount of all premiums may not exceed 1/12 of the beneficiary's annual base remuneration;
- **the right to use a mobile phone for private purposes**, including the right to payment of fee or cost for calls or data transfer;
- the right to **use a portable computer and/or tablet** for private purposes;
- the 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); if a car is purchased, the upper limits of amounts, based on the leasing contract, refer to the cost of such car at the moment of contract conclusion;
- the right to **reimbursement of all training and education costs** aimed to upgrade job effectiveness;
- the right to **preventive medical examination for managers**;
- the 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;
- the right to use **costs for entertainment** in accordance with the business and financial plan and by ensuring spending traceability;
- the right to the reimbursement of **membership fees in peer organisations**, related to the performance of the function as a member of a management body;
- the 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 of the content of this right is already reasonably covered in the D&O insurance and except in the case liability is established by final decision;

3.1.6.2. Special monetary payments

Each member of the Management Board is entitled to the following monetary payments, under the same conditions and in the same amount as applies to Company employees:

- **holiday allowance**,
- **long-service bonuses**,
- **the right to the reimbursement of costs necessary for or in relation to the performance of their function**: e.g. subsistence costs for business trips, mileage, reimbursement of accommodation costs, reimbursement of commuting expenses, meal allowance,
- **paid leave**; e.g. holiday leave, sick leave or another type of legally determined leave which is subject to the payment of compensation;
- **the business performance bonus** in accordance with the collective agreement or a general act of the Company, providing that it is paid to all Company employees under the same conditions, achieving a more favourable tax regime for the relevant reward for all Company employees; the business performance bonus is included in the maximum permitted variable component of remuneration of Management Board members for the relevant year;
- **the employer's anniversary bonus**: under the conditions and in the amount such as applicable to all other Company employees, in accordance with the business and financial plan;

- **the right to separation allowance:** in cases and in the amount such as applicable to all other Company employees.
- **special payments on holidays, such as year-end bonus:** under the conditions and in the amount such as applicable to all other Company employees, unless such payments are determined as Company or employee business performance bonus in the collective agreement, general act of the employer or resolution of management body or if this is evident from other circumstances.
- the 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;
the non-competition clause: Contracts with Management Board members regulate the prohibition on competition even for the time after the end of Management Board members' offices. In case of removal by the Company, the prohibition on competition does not last more than six months and in other cases, it is not shorter than six months and not longer than two years. During the time of the prohibition of competition, Management Board members are entitled to a maximum of 75% of their monthly base part of remuneration. Regardless of whether the prohibition on competition is agreed or not, the Supervisory Board waives the right to invoke the prohibition on competition in the time after the end of office if, taking into account all known circumstances, there is no real threat to the interest of the Company based on not invoking the prohibition on competition for an individual Management Board member.

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 is 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 are also observed by the subsidiaries when drawing up their remuneration policies for management bodies or when concluding contracts with management bodies. The Management Board of the Company ensures that the remuneration policies for management bodies are adopted in subsidiaries. In case of subsidiaries in foreign countries, remuneration for management bodies is determined by taking account of the specific features of the business environment in which such companies operate, as well as the specific features of the relevant local legislation. Regardless of the complexity factors from these recommendations, the base part of remuneration for management bodies in subsidiaries should not exceed 80% of the upper permissible limit of the base part of remuneration received by the management body of the parent company, unless in specifically grounded cases.

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 has its own 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 2023 onwards.

Supervisory Board President
Dr. Janez Žlák