

**REMUNERATION POLICY  
OF MEMBERS OF THE MANAGMENT BOARD FOR  
PERIOD 2024.-2027.**

Based on Article 247a of the Company Law (Official Gazette 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/ 11, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22, 18/23, 130/23) and Article 55 of the Statute of Port of Ploce j.s.c., the Supervisory Board at the session held on April 30th 2024 adopted, and submits to the General Assembly for approval the following

## **REMUNERATION POLICY OF MEMBERS OF THE MANAGEMENT BOARD FOR PERIOD 2024.-2027.**

### **1. INTRODUCTION**

Port of Ploce j.s.c. (hereinafter: the Company) is one of the leading Croatian companies whose main activity is loading, unloading, transshipment and storage of various types of cargo. In order for the Company to attract top experts to the Company's Management Board, who will carefully and responsibly conduct business in accordance with the Company's set core values and business strategy, the remuneration policy of the Management Board members is structured in such a way as to reflect these Company's core values. It encourages the development of the Company and responsible decision-making and rewards good results.

The remuneration policy of members of the Management Board for period 2024-2027. (hereinafter referred to as: Remuneration Policy) determines the remunerations of the members of the Management Board for work in the Company, to which the members of the Management Board exercise their right based on the concluded employment contract.

This policy derives from the following regulatory framework:

- Company Law,
- Code of Corporate Governance of the Company,
- Company Statute.

The Company takes care of compliance of the Remuneration Policy with the Company's internal acts, other policies and strategies of the Company.

### **2. REMUNERATION COMMITTEE**

The Supervisory Board established and appointed members of the Remuneration Committee.

The remuneration committee is obliged to:

- propose to the Supervisory Board the Remuneration Policy, which must refer to all forms of remuneration, especially the fixed part, the variable part which is related to the success of the business, the pension plan and severance pay. When it comes to the variable part that is related to the performance of the business, the proposal must contain recommendations for determining objective criteria for assessing performance, whereby the Management Board needs to align the award with the long-term interests of the shareholders and the goals of the Company set by the Supervisory Board,
- propose to the Supervisory Board an award for individual members of the Management Board, in accordance with the Remuneration Policy and the assessment of the performance of individual Management Board members,
- propose to the Supervisory Board the appropriate form and content of the contract with the members of the Management Board,
- monitor the amount and structure of the award to senior management staff and make general recommendations to the Management Board in this regard,
- regarding the incentive part of the reward to the Management Board, when it consists of stock options or other arrangements based on the acquisition of shares, to consider the general policy of this type of remuneration and to propose appropriate solutions to the Supervisory Board, and to consider the information published in the annual report, before publication,

- consult at least with the president of the Supervisory Board and the president of the Management Board about their understandings related to rewarding the members of the Management Board.

### **3. BASIC PRINCIPLES OF REWARDING THE MEMBERS OF THE MANAGEMENT BOARD**

The basic principles of rewarding the members of the Management Board are:

- balance of all elements of receipts and responsibility for achieved results,
- market-aligned remuneration according to jobs of the same or similar complexity,
- rewarding according to work performance in such a way that the variable payment reflects the overall achievement of the Company's goals, as well as the achievement of the individual goals of the members of the Management Board,
- short-term and long-term goals are defined as financial and non-financial goals,
- good managerial practice and the application of the value system is essential for the business success of the Company; therefore, the non-financial goal is also defined through behaviours that indicate quality, efficient and ethical management of people and operations that positively affect the reputation and trust in the Company,
- rewards encourage expertise and excellence.

The structure of the receipts is aimed at the sustainable growth of the Company. All components of the receipts are determined appropriately, individually and in their totality, and in such a way as to encourage the members of the Management Board to manage the Company's affairs in accordance with the business strategy, long-term interests and values of the Company.

### **4. STRUCTURE OF RECEIPTS OF THE MEMBERS OF THE MANAGEMENT BOARD**

The total receipts of the members of the Management Board consist of:

- fixed part of the receipt,
- variable part of the receipt,
- other receipts.

The relationship between the fixed and variable part of the total receipts for all members of the Management Board must be appropriate or determined in such a way that the net annual amount of the variable part does not exceed the sum of the average 24 (twenty-four) net wages paid in the previous year.

#### **4.1. FIXED RECEIPTS**

The fixed part of the receipts of the members of the Management Board represents an unchanging part of the income defined by the contract that the Company, represented by the Supervisory Board, concludes with the members of the Management Board.

Fixed receipts are payments or benefits to members of the Board who meet the following conditions:

- are based on predetermined criteria,
- reflect the level of professional experience of a member of the Management Board, purpose of work, complexity of work, key areas of work, level of authority and responsibility, education required to perform work, position in the organizational structure and influence on the Company's operations,
- they are transparent when it comes to the individual amount allocated to an individual member of the Management Board,
- are paid on a continuous basis during a certain period that is related to the powers and responsibilities arising from that position,
- they are irrevocable, the permanent amount can be changed by changing the employment contract,
- they cannot be reduced, temporarily suspended or stopped, unless this is a consequence of the implementation of the decision on the disciplinary measure imposed in accordance with the Labour

Law, the Labour Regulations or if the worker has given his consent to the withholding of salary or has given his written consent to seizure of salary or other permanent monetary income for the purpose of collecting the creditor's claim (in accordance with the law regulating enforcement and insurance procedures),

- do not encourage risk-taking,
- they do not depend solely on success and do not depend on making a discretionary decision.

#### 4.2. VARIABLE RECEIPTS

All parts of receipts that do not meet the criteria of a fixed receipt are considered variable receipts.

Variable receipts are determined in such a way that they reflect:

- performance that is sustainable and adjusted to risks,
- performance that exceeds the expected standard.

The company may not guarantee the payment of a certain amount of variable receipts to a member of the Management Board. A guarantee is considered a contractual obligation of the Company to pay a member of the Management Board a certain amount of variable receipts, regardless of performance, i.e. only under the condition of maintaining the contractual relationship until a certain date.

Variable remuneration is intended to reward the work performance of a member of the Management Board, and performance is determined based on the achievement of the Company's financial and non-financial goals. The objectives are defined by the Supervisory Board in advance, as a rule, for each business year.

When defining the exact amount of the variable part of the Management Board members' income, the Supervisory Board will take into account the following categories:

- consolidated financial annual result of the Company,
- operational, strategic and development operations of the Company,
- execution of individual goals set by the Supervisory Board for the members of the Management Board.

The exact amount of the variable part of the income that will be paid to the members of the Management Board is determined by the Supervisory Board, and it will be determined within 30 (thirty) days from the date of determination of the Company's audited financial statements for the previous year.

#### 4.3. OTHER RECEIPTS

Other receipts include, but are not limited to, reimbursement of expenses, life insurance policy, accident insurance policy, voluntary pension insurance, use of company car for business and private purposes, use of technical equipment (mobile phone, laptop), allowances for education and allowances for working abroad.

The members of the Management Board have, in accordance with the applicable regulations, the right to compensation for all other expenses related to the performance of their duties, i.e. fulfilling their obligations as a member of the Management Board, for example the costs of official trips in the country and abroad, membership fees in professional associations, domestic and foreign literature, visiting professional meetings, fairs and similar events. Members of the Management Board can be provided with professional training at their expense and in accordance with the Company's business plan with the aim of further training.

### 5. THE CONTRACT WITH MEMBERS OF THE MANAGEMENT BOARD

The members of the Management Board enter into contracts with the Company represented by the Chairman of the Supervisory Board on the performance of work with special rights and obligations based on which the employment relationship is based and the performance of the work of the Management Board member is contracted in accordance with the mandate to which the Management Board member was appointed by the

Supervisory Board. Regarding the assumptions for the termination of the contract and the terms of termination, i.e. cancellation, the provisions of that contract and applicable legal regulations are applied appropriately.

The contract is concluded for a period of 5 years.

In case of termination of employment, a member of the Management Board has the right to a notice period of at least 6 (six) months.

If the contract for the duties of a member of the Management Board ends at the end of the period for which it was concluded or by the dismissal of the member of the Management Board by the Supervisory Board and the termination of the employment contract, and provided that the employment relationship in the Company also ends, the member of the Management Board has the right to the agreed severance pay.

## **6. CONFORMITY WHEN DETERMINING THE RECEIPTS OF THE MEMBERS OF THE MANAGEMENT BOARD**

When determining the receipts of the members of the Management Board, the Company considers the internal compliance and external compliance of the amount of receipts. Internal compliance refers to the determination of receipts in accordance with the complexity of the work, which is applied to all workplaces in the Company. External compliance refers to the determination of receipts in accordance with the market conditions of comparable companies.

## **7. RECEIPT POLICY AND BUSINESS STRATEGY AND LONG-TERM DEVELOPMENT OF THE COMPANY**

The rules of receipts specified in this Policy are designed to promote and comply with transparent and efficient management and to prevent the assumption of risks that are not in accordance with the business strategy and long-term development of the Company.

This Policy is designed to achieve the long-term economic interests of the Company, shareholders, and workers.

## **8. MEASURES TO AVOID CONFLICTS OF INTEREST**

Measures to avoid conflicts of interest included in the Remuneration Policy are:

- reconciliation of variable receipts from the financial aspect, from the aspect of risk management, legal regulation, compliance and human resources management,
- a member of the Management Board is not involved in the decision-making process on own receipts,
- the Supervisory Board is responsible for agreeing individual remuneration packages for members of the Management Board,
- the financial goals of the Management Board members are set in such a way that they are mutually balanced.

## **9. PROCEDURE FOR ADOPTING THE REMUNERATION POLICY**

Pursuant to Article 276.a of the Company Law, the Supervisory Board adopts a proposal for the Remuneration Policy, which enters into force after its adoption by the General Assembly of the Company. The Supervisory Board adopts the Remuneration Policy on the recommendation of the Remuneration Committee.

If the General Assembly does not adopt the proposed Policy, the Supervisory Board submits the revised Receipts Policy to a vote at the next General Assembly.

## **10. DEVIATION FROM THE IMPLEMENTATION OF THE REMUNERATION POLICY**

The Supervisory Board is authorized to deviate from the Remuneration Policy in the part of fixed and variable receipts by defining them in different amounts in the following cases:

- extraordinary circumstances on the market that require an extraordinary cost reduction,
- impossibility of hiring an adequate candidate on the local labour market,
- significant disruption on the local labour market in terms of the non-competitiveness of the aforementioned elements of receipts,
- the need to apply emergency measures to retain a member of the Management Board.

The Supervisory Board can by special decision authorize a member of the Supervisory Board to decide on deviating from this Remuneration Policy.

## **11. DEFERMENTS AND REFUNDS OF RECEIPTS**

The Company has no delays or periods for which the payment of a part of the receipt is postponed, and the Company has no right to demand the return of variable parts of the receipts.

## **12. FINAL PROVISIONS**

The General Assembly of the Company approves the content of the Remuneration Policy at least once every 4 (four) years.

Any decision to amend the Remuneration Policy will be made in accordance with the rules on decision making of the Supervisory Board and the provisions of this Remuneration Policy.

The Supervisory Board is obliged to submit any amendment to the Remuneration Policy to the General Assembly of the Company for adoption.

This Remuneration Policy enters into force on the day it is adopted, and it also applies to the business year in which it was adopted.

**PRESIDENT OF THE  
SUPERVISORY BOARD**

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Boštjan Napast, dipl.ing.