

**JUGOPETROL AD**  
**GENERAL MEETING**  
**Ref. No. 34543**  
**Podgorica, 16 June 2021**

Pursuant to Articles 133 and 143 of the Law on Companies (Official Gazette of Montenegro No. 65/2020), the Annual General Meeting of Shareholders of JUGOPETROL AD, held on 16 June passed

**RESOLUTION**  
**on Adoption of Remuneration Policy**  
**for Members of Managing Bodies of JUGOPETROL AD**

1. Annual General Meeting hereby adopts the Remuneration Policy for Members of Managing Bodies of JUGOPETROL AD in the text which presents integral part of this Resolution.
2. This Resolution comes into force on the day of its adoption.

**GENERAL MEETING**  
**Chairman**

  
Vasileios Panagopoulos



 



## JUGOPETROL AD

Stanka Dragojevića bb, 81 000

Podgorica, Crna Gora

Tel: +382 20 401 800

Fax: +382 20 401 804

[www.jugopetrol.co.me](http://www.jugopetrol.co.me)

# Remuneration Policy for managing bodies of JUGOPETROL AD

## 1. Introduction

The Remuneration Policy (hereinafter referred also to as “The Policy”, or “This Policy”) is based on the provisions of the Law on Companies (“Official Gazette of Montenegro”, No. 065/20), the Articles of Association of JUGOPETROL AD (hereinafter referred to as “the Company”) and the best practices of corporate governance.

## 2. Purpose

The Policy aims to define the remuneration framework in order to achieve compliance with the provisions of the existing legal framework.

This Policy aims to support, reward and recognize the achievements of managing bodies, as well as to promote the Company’s competitiveness, long-term success and its strategic priorities of operational excellence and sustainable solutions.

## 3. Scope

The scope of the Policy is to illustrate the remuneration structure of the members of the Board of Directors and the Executive Director and work as a reference for determining proposals regarding the remuneration of the members of the Board of Directors.

In specific, the Policy sets out in detail:

- (i) the remuneration rights of the members of the Board of Directors and the Executive Director of the Company and the Company’s obligations towards them and
- (ii) the terms, under which remuneration will be provided to the members of the Board of Directors and the Executive Director of the Company during the term of the policy.



#### 4. Remuneration of members of the Board of Directors due to their capacity as Board of Directors members

The Members of the Board of Directors are appointed by resolution of the General Meeting of shareholders and their term of office is prescribed under the Company's Articles of Association.

##### 4.1. Remuneration components

This Policy includes any kind of remuneration, namely, a fixed fee and benefits that may be paid to the members of the Board of Directors. It aims to ensure, to the extent possible, that remuneration is aligned with market rates for Board of Directors members of Montenegro listed companies and adapted to the nature and the particularities of the Company.

All members of the Board of Directors are eligible to remuneration during their term of office. The remuneration is determined in a fixed amount, paid on a monthly basis amounting to EUR 1,034.00 gross. The amount is formulated as approx. 60% of the Company's average gross salary in 2020. The monthly fee shall be paid on a pro rata basis if a member has served part of the month.

The General Meeting of Shareholders shall pass a separate resolution setting the remuneration as specified in the preceding paragraph. Such resolution shall govern remunerations that fall due between the date on which it is adopted by the General Meeting of Shareholders and the date of the next Annual General Meeting.

When deemed appropriate or when there is a material change in the average salary, the Board of Directors may propose that this Remuneration Policy be amended in respect of remuneration of the members of the Board of Directors.

##### 4.2. Additional benefits

In addition to the above, the following additional benefits may be granted to the members of the Board of Directors:

- i. Participation in conferences and workshops organized in Montenegro sponsored by the Company.
- ii. Participation in educational programs concerning Company's business activities or the improvement of Board of Directors' operation.

It is noted that expenses required for the proper performance of the duties of the members of the Board of Directors, such as travel expenses in cases where the Board of Directors meeting takes place in a location other than the Company's headquarters, do not constitute a part of the remuneration and thus these expenses do not fall within the scope of this Policy.



### 4.3. Cessation of Duties of Board of Directors

In case a member of the Board of Directors ceases to hold office in the Board of Directors before the expiration of the term, the right to remuneration lasts until official cessation of office in accordance with the Law. Members of the Board of Directors are not entitled to any compensation or indemnity based on termination of office, in case of dismissal before termination of office in accordance with the law on companies, regardless of the reason, and in particular they are not entitled to compensation they would have received if they had held office until the expiration of the term. A member of the Board of Directors may resign from the position of a member of the Board of Directors and/or the President of the Board of Directors in accordance with the conditions, in the manner and in the procedure prescribed by the law on companies. In the event of termination of the term of office of a member of the Board of Directors, regardless of the reason, the Company does not provide any benefits nor it has any financial and other obligations to a member of the Board of Directors.

## 5. Remuneration Policy for the Executive Director

### 5.1. Remuneration components

For the Executive Director, the Company applies remuneration which is structured between fixed and variable remuneration. The basic principles of the abovementioned practice are as follows:

The overall level of remuneration depends, inter alia, on the following factors:

- i. The experience and expertise of the Executive Director;
- ii. The level of the executives' remuneration based on research data of the Montenegro and international market.

Aiming at aligning personal and corporate goals, the total remuneration is allocated to fixed monthly remuneration, as determined in the employment contract, and variable annual remuneration calculated on the basis of the following factors:

- i. The Company's financial results
- ii. The Company's strategic targets
- iii. Agreed projects as per the Company's Business Plan,
- iv. The Company's performance targets in other areas such as sales volumes, EBITDA, safety and environment
- v. Individual performance

The key performance indicators (KPIs) are based on the Company's Business Plan targets, as approved by the Board of Directors. The President of the Board of Directors is authorized to set the specific KPIs of the Executive Director.



The amount of any variable remuneration is directly related to the accomplishment of KPIs and is proposed by the President of the Board of Directors.

Remuneration to the Executive Director both fixed and variable is approved by the Board of Directors of the Company.

An additional compensation component of a lump-sum gross award can be approved at the discretion of and upon approval of the Board of Directors, subject to successful delivery of company/corporate goals and the successful completion of 2 full years' assignment of the Executive Director.

## 5.2. Additional Benefits

Additional benefits such as company car, scholarship for children, apartment rental will be offered to the Executive Director if applicable.

## 6. Tenure of the Executive Director

The Executive Directors is appointed by the Board of Directors to a term of office of (4) four years in line with the Company's Articles of Association. The Executive Director may terminate the employment contract with 60 days termination notice. The employment contract is approved by the Board of Directors and signed by the President of the Board of Directors.

## 7. Procedure of approval and review of the Remuneration Policy

Pursuant to the Law on Companies, Annual General Meeting will annually either confirm or decide on possible amendments to this Policy. The Policy shall enter into force on the day on which it is adopted by the General Meeting of shareholders, it shall be valid until the next Annual General Meeting.

## 8. Publicity of the Remuneration Policy

The Policy along with the date and the results of the voting procedure of the General Meeting is subject to publicity formalities and remains available on the Company's website for at least as long as it is in effect.

  
  
**Chairman of the General Meeting**  
**Vasileios Panagopoulos**