

The text is an informative translation of the original document in Slovene.

Pursuant to Article 294a of the Companies Act (Official Gazette of the Republic of Slovenia, No. 65/09, as amended; hereinafter: "ZGD-1"), the company CINKARNA, kemična industrija Celje, d.d., Kidričeva ulica 26, 3000 Celje, has adopted the following

REMUNERATION POLICY FOR MANAGEMENT AND SUPERVISORY BODIES OF CINKARNA CELJE, D. D.

1. Introduction

This Remuneration Policy for the Management and Supervisory Bodies of Cinkarna Celje, d.d. (hereinafter: the "Remuneration Policy") is adopted pursuant to the provisions of Article 294a of ZGD-1, which stipulates that a company whose securities are traded on a regulated market shall establish a remuneration policy for its management and supervisory bodies. The policy is also based on the recommendations and expectations of the Slovenian Sovereign Holding (SDH) and is submitted to the General Meeting for approval.

2. Purpose and Objectives of the Remuneration Policy

This Remuneration Policy applies to the members of the Management Board and the Supervisory Board of Cinkarna Celje, d.d.

The purpose of the Remuneration Policy is to ensure that the overall remuneration of the Management Board and the Supervisory Board is proportionate to their tasks and responsibilities, while also contributing to:

- the achievement of the Company's business and sustainability strategy, which defines the core objectives pursued by the Company and the activities and resources required to achieve them,
- long-term development, enabling the Company to appropriately monitor and adapt to the economic and broader environment in which it operates,
- sustainable business operations, which leverage opportunities and appropriately manage risks with the aim of ensuring business competitiveness and long-term success and
- the sustainability of the Company by ensuring the efficient use of its resources to achieve economic and wider societal effects.

The objectives pursued by the Remuneration Policy are as follows:

- engaging top professionals to the Management and Supervisory Boards, whose expertise and experience can cover all professional areas required by these bodies,
- determining the level of remuneration and other benefits for the members of the Management Board and Supervisory Board that enables the recruitment of qualified professionals, ensures competent performance, and maintains the Company's financial sustainability,
- guiding and motivating the members of the Management Board to perform their duties responsibly and proactively in achieving set goals, and the members of the Supervisory Board to exercise their function and assume responsibilities diligently.

3. Procedure for the Preparation, Review, and Implementation of the Remuneration Policy

The Supervisory Board is responsible for the preparation, review, and implementation of the Remuneration Policy for the management bodies of the Company. A draft Remuneration Policy may be prepared by the Company's professional departments, based on guidelines provided by the Supervisory Board. Where necessary, a remuneration expert may assist the Supervisory Board or its committee in developing the policy.

The review of the Remuneration Policy follows the same process as its preparation and is typically conducted once per year during the audit of the remuneration report for the members of the Management Board and Supervisory Board.

The Supervisory Board shall take the Remuneration Policy into account when defining expectations and negotiating the amount of remuneration, bonuses, and other benefits for members of the Management Board at the time of appointment and during amendments to their service contracts. The General Meeting shall take the Remuneration Policy into consideration when determining the fees for members of the Supervisory Board and attendance fees.

Upon appointment and throughout the term of office of an individual member of the Management or Supervisory Board, a comprehensive assessment of potential conflicts of interest shall be carried out, including the review of any such conflicts in relation to remuneration. Members of the Management Board and Supervisory Board are obliged to disclose any potential conflicts of interest at the time of appointment and throughout their term of office.

Conflicts of interest involving individual members of the Supervisory Board or its committees shall be addressed by the Supervisory Board, while conflicts of interest involving Management Board members shall be addressed by both the Management Board and the Supervisory Board in accordance with applicable legislation and the Company's internal regulations, as and when such situations arise.

4. Principles for Drafting the Remuneration Policy, Criteria, and Actual Circumstances

4.1. Principles

The following principles were strictly observed in the drafting of this Remuneration Policy:

Proportionality Principle: Remuneration for management bodies must be proportionate to their duties and to the financial standing of the Company. Salaries should not exceed market standards of comparable companies. Remuneration must be sufficient to engage and motivate high-quality managers but not excessive in relation to performance and the needs of the Company.

Principle of Remuneration Limitation: The Remuneration Policy must clearly set out the maximum total remuneration amount, including all components of pay, in order to ensure transparency and prevent excessive payouts.

Link to Long-Term Performance: Management remuneration must be structured to promote not only short-term goals but also long-term success, development, and sustainable operations in line with the Company's strategy.

Principle of Cost-Effectiveness: The level of remuneration must be limited to an amount that does not adversely impact human resource risk management, maintains reasonable balance, and ensures cost efficiency.

4.2. Criteria

The remuneration of the members of the Management Board and Supervisory Board of Cinkarna Celje, d.d. is determined based on comparisons with the remuneration of members of management and supervisory bodies of other publicly listed joint-stock companies with registered offices in Slovenia, whose shares are listed on the stock exchange, taking into account that Cinkarna Celje, d.d. is a company:

- classified as a large company under the provisions of the Companies Act,
- with net sales revenue exceeding EUR 100 million,
- in good financial condition,
- employing more than 500 workers,
- with a high level of internationalisation, deriving the majority of its revenue from abroad and being highly dependent on and connected with the international economic environment,
- subject to complex regulatory and risk management requirements,
- with technologically demanding core products,
- whose shares are traded on a regulated securities market in the prime market segment,
- and subject to high complexity in terms of external codes, guidelines, and shareholder expectations.

5. Remuneration of the Supervisory Board

5.1. Determination of Remuneration Levels

The remuneration of members of the Supervisory Board is determined by resolution of the General Meeting, upon the proposal of the Supervisory Board. The decision is adopted in accordance with the provisions of this Policy and remains in force until amended or revoked.

Given the nature of their work, the remuneration of Supervisory Board members is not linked to the remuneration of the Management Board or the Company's employees, nor to the performance of the Company.

The remuneration of Supervisory Board members consists of a fixed fee for the performance of their duties, attendance fees for participating in meetings of the Supervisory Board and its committees, and reimbursement of expenses related to travel, daily allowances, and accommodation incurred in connection with their work on the Supervisory Board or its committees. Members are also entitled to benefits such as professional training and Directors & Officers (D&O) liability insurance premium coverage.

5.2. Remuneration Amount

Based on the resolution adopted by the General Meeting on 15 June 2021, the following remuneration was determined for members of the Supervisory Board and its committees:

Members of the Supervisory Board shall receive an attendance fee for the attendance at the Supervisory Board meeting in the gross amount of EUR 275.00 per individual member of the Supervisory Board. Members of the Supervisory Board's committees shall receive an attendance fee for their attendance at the committee meeting in the amount of 80 % of the attendance fee for the Supervisory Board meeting per individual member. An attendance fee for the participation at a meeting by correspondence amounts to 80 % of the regular attendance fee. Notwithstanding the above mentioned and thus irrespective of the number of meetings an individual member of the Supervisory Board attended in an individual financial year, they are entitled to the payment of attendance fees in the total amount that should not be higher than 50 % of the basic remuneration for the performance of the function of the Supervisory Board member at an annual level. An

individual member of the Supervisory Board who is a member of a committee or committees of the Supervisory Board is thus, notwithstanding the above mentioned and thus irrespective of the number of meetings of the Supervisory Board or of the committees an individual member of the Supervisory Board attended in an individual financial year, entitled to the payment of attendance fees in the total amount of attendance fees for the meetings of the Supervisory Board meetings and the committees as long as the total amount does not exceed 75 % of the basic remuneration for the performance of the function of the Supervisory Board member at an annual level.

In addition to the attendance fees, members of the Supervisory board shall also receive the basic remuneration for the performance of the function in the gross amount of EUR 15,000.00 per year per individual member. The Chairman of the Supervisory Board is entitled to the additional payment in the amount of 50 % of the basic remuneration for the performance of the function of a member of the Supervisory Board. The vice-chairman/deputy chairman of the Supervisory Board is entitled to the additional payment in the amount of 10 % of the basic remuneration for the performance of the function of a member of the Supervisory Board. Each member of the Supervisory Board committee shall receive an additional payment for the performance of the function which amounts to 25 % of the basic remuneration for the performance of the function of a member of the Supervisory Board. The chairman of the committee is entitled to an additional payment for the performance of the function in the amount of 37.5 % of the basic remuneration for the performance of the function of a member of the Supervisory Board. Notwithstanding the above mentioned and thus irrespective of the number of committees in which an individual member of the Supervisory Board participates or the number of committees he chairs in an individual financial year, they are entitled to the additional payment of the total amount that should not exceed 50 % of the basic remuneration for the performance of the function of the Supervisory Board member at an annual level. In the event that the term of office of an individual member of the Supervisory Board is shorter than the financial year, an individual member of a committee of the Supervisory Board is entitled to the additional payment, notwithstanding the above mentioned and thus irrespective of the number of committees in which an individual member of the Supervisory Board participates or the number of committees he chairs in an individual financial year, as long as the total amount of such additional payment does not exceed 50 % of the basic remuneration for the performance of the function of an individual member of the Supervisory Board in relation to the justified payments made during the term of office in the relevant financial year.

In addition to the attendance fees, members of the Supervisory board shall also receive the basic remuneration and the additional payment for the performance of the of the function in proportional monthly payments to which they are entitled while performing the function. in relation to the justified payments made during the term of office in the relevant financial year. The monthly payment amounts to one twelfth of he above annual amounts.

The limitation of the amount of total attendance fees or additional payments to a member of the Supervisory Board does not in any way affect their duty to actively participate in all meetings of the Supervisory Board and meetings of the committees of which he is a member, and his statutory responsibility.

Members of the Supervisory Board are entitled to reimbursement of transport and accommodation costs incurred in connection with their work on the Supervisory Board, up to the amount specified in the regulations governing the reimbursement of expenses related to work and other income not included in tax base (provisions applicable to business travel and overnight accommodation). The amount due to the member of the Supervisory Board according to the cited regulation is reversed, so that the net payment represents the reimbursement of actual travel expenses. The mileage shall be determined by taking into account the distances between places calculated on the AMZS public website. Accommodation costs may be reimbursed only if the distance of permanent or temporary residence of a member of the Supervisory Board or a member of the Supervisory Board from the place of work of the body is at least 100 kilometres, if they could not return because no public transport was planned, or for other objective reasons.

Training-related costs and D&O insurance premiums, subject to the prescribed deductible, may be covered in accordance with the Personal Income Tax Act. These expenses are taxed in line with applicable legislation.

External members of Supervisory Board committees are entitled to compensation amounting to a maximum of 50 % of the base annual remuneration of a Supervisory Board member, and an attendance fee of EUR 220.00 gross per committee session.

Supervisory Board members are prohibited from participating in the Company's profit.

5.3. External Members of the Committees

External members of the Supervisory Board committees are entitled to remuneration of up to 50% of the base annual remuneration granted to a Supervisory Board member, as well as an attendance fee of EUR 220.00 gross per committee meeting.

The nominal amounts received in a given financial year by members of the Supervisory Board are disclosed in the Annual Report and the Remuneration Report for Members of the Management and Supervisory Boards of Cinkarna Celje, d.d.

5.4. Adjustments

Remuneration of the members of the Supervisory Board may be submitted to the General Meeting for adjustment in order to align and maintain the real value of remuneration.

6. Remuneration of the Management Board

Decisions on the remuneration of the Management Board are made by the Supervisory Board in accordance with applicable legislation and the Remuneration Policy submitted to the General Meeting of shareholders.

The Supervisory Board must ensure that the remuneration of Management Board members is proportionate to their powers, responsibilities, experience, and duties, as well as to the financial position of the Company.

The nominal amounts received in a given financial year by each member of the Management Board are disclosed in the Annual Report and in the Remuneration Report for the Management and Supervisory Bodies of Cinkarna Celje, d.d.

6.1. Structure of the Total Remuneration of Management Board Members

The remuneration of Management Board members consists of the following elements:

- fixed (base) remuneration,
- variable remuneration,
- severance pay and
- other rights and entitlements.

6.1.1. Fixed Remuneration

Fixed remuneration, or base salary, is paid to Management Board members as compensation for fulfilling their duties as members of the executive body of the Company.

This remuneration includes all allowances and payments to which employees of the Company are otherwise entitled under the Employment Relationship Act and collective agreements applicable to the Company.

In determining the level of fixed remuneration, the following principles, criteria, and circumstances are taken into account, particularly the level of complexity and responsibility of the role. Key criteria include:

- a. The size of the Company in comparison to other similar companies in Slovenia, assessed by the value of assets, net sales revenue, and the average number of employees in the most recent financial year;
- b. Business complexity, including:
 - i. the international scope of operations, based on the share of revenue generated abroad;
 - ii. the complexity of the economic environment, based on competitiveness within the industry, in key markets, and in the industry's development stage;
 - iii. the technological and developmental complexity of key products, including risk and sales growth potential;
 - iv. organisational complexity;
 - v. regulatory intensity of the activity.
- c. The scope of duties, responsibilities, required knowledge, experience, and competencies of each Management Board member.

Taking into account the above criteria, the maximum gross monthly fixed remuneration is set at EUR 22,000.00. This amount is subject to adjustment every two years, on 1 January, in accordance with the growth of the average consumer price index, and with any changes to the recommendations published by the Slovenian Sovereign Holding (SDH) on its official website.

In contracts concluded with Management Board members, fixed remuneration is determined within upper limit, as defined by this Remuneration Policy. The specific level of remuneration for each individual member depends on their role and responsibilities (e.g. whether they serve as President or Member of the Board, and their area of responsibility), personal qualifications (knowledge, experience, references, skills), and comparable remuneration levels in similar companies in Slovenia and the region (depending on the industry).

6.1.2. Variable Remuneration

Variable remuneration is the portion of total pay that, under the employment contract of a Management Board member, is determined based on the Company's performance and other criteria set out in the internal rules or methodology governing the payment of variable remuneration to executive management. The methodology is adopted following the approval of the strategic or annual plan for the following year by the Supervisory Board, which also defines the financial and non-financial performance criteria for each individual Management Board member for that year.

The purpose of variable remuneration is to incentivise highly qualified professionals and managers to apply for membership on the Management Board and to ensure their active and responsible engagement throughout their term. Remuneration is not limited to a predetermined amount, but also includes the opportunity to earn additional performance-based pay, which serves to encourage

and motivate members toward the implementation of the Company's business strategy, long-term development and success, sustainable operations, and overall corporate resilience.

Variable remuneration is paid in the form of monetary compensation and, together with any exceptions permitted under this Policy, may not exceed 100% of the annual base remuneration from the preceding financial year.

The financial and non-financial criteria for the calculation of variable remuneration are defined in Section 9 of this Policy. The Supervisory Board may further specify such criteria in the Executive Remuneration Act.

Variable remuneration is granted annually by a resolution of the Supervisory Board, which confers the right to such payment upon each Management Board member, following the end of the financial year and subject to the fulfilment of the predefined performance criteria. A Management Board member is entitled to the full amount of variable remuneration only upon the achievement or exceeding of the agreed targets.

6.1.2.1. Clawback of Variable Remuneration

The Company may require the return of variable remuneration already paid, or a proportionate part thereof, in the following cases:

- if a final decision establishes the invalidity of the annual report, and the grounds for such invalidity relate to items or facts that formed the basis for determining the variable remuneration of Management Board members, or
- based on a special audit report, which confirms that the criteria for determining variable remuneration were incorrectly applied or that relevant accounting, financial or other data and indicators were not accurately established or taken into account.

The return of paid variable remuneration may be requested within three years from the date of payment of the variable remuneration or part thereof. Repayment is normally carried out through set-off against allocated but unpaid variable remuneration, with such a set-off mechanism also to be stipulated in the employment contract.

The clawback of variable remuneration shall be a mandatory provision in the executive service agreement.

6.1.3. Participation of the Management Board in the Distribution of Net Profit

In accordance with the provisions of the Articles of Association, and subject to a proposal by the Supervisory Board and a resolution of the General Meeting, the Management Board may participate in the distribution of net profit. The amount of net profit that may be allocated to the Management Board shall not, as a rule, exceed 5% of the portion of net profit designated for the payment of dividends to shareholders, and shall not exceed the value of six average gross monthly salaries of an individual Management Board member in the last six-month period. Participation of the Management Board in profit sharing and any potential performance-based remuneration (bonus or variable pay), as defined in the individual executive service agreement, shall be mutually exclusive. Any such participation in profit shall be considered part of the total variable remuneration.

The provisions governing deferral and clawback of variable remuneration shall apply mutatis mutandis to participation in profit.

7. Other Rights and Benefits

7.1. Types of Other Rights and Benefits

In addition to the aforementioned forms of remuneration, members of the Management Board are entitled to the following rights and benefits:

- 7.1.1. The right to use a company mobile phone and laptop computer for private purposes.
- 7.1.2. The right to use a company vehicle for private purposes (including the right to reimbursement of fuel expenses for business and private use both domestically and abroad, as well as reimbursement of road tolls and infrastructure charges; the Company shall also cover vehicle registration, maintenance, technical and regular servicing, motor insurance and comprehensive insurance) in accordance with the Company's internal regulations.
 - 7.1.2.1. The value of the vehicle assigned to a Management Board member is limited to a maximum retail price of EUR 70,000 including VAT, or EUR 90,000 including VAT if the vehicle is environmentally friendly (i.e., 100% electric). Where the vehicle is leased through a leasing or operating lease agreement, the monthly lease instalments must not exceed EUR 2,000.
 - 7.1.2.2. A Management Board member is not entitled to regular vehicle replacement prior to the expiry of three (3) years or before the vehicle has covered at least 150,000 km, unless in exceptional, justified circumstances with the express consent of the Supervisory Board.
- 7.1.3. The right to reimbursement of costs related to supplementary education and training aimed at enhancing the performance of duties, up to an annual amount of EUR 20,000 excluding VAT, including salary compensation for absence due to training for up to 10 working days per year. In assessing eligibility, the Supervisory Board shall take into account the nature of the market and the sector in which the Company operates. The Board may also stipulate that, in the case of justified business needs, a higher amount or a greater number of days may be granted, subject to a proposal by the Management Board and a resolution of the Supervisory Board.
- 7.1.4. The right to an annual executive medical examination.
- 7.1.5. The right to payment of the insurance premium for Directors and Officers (D&O) liability insurance.
- 7.1.6. The right to payment of a legal protection insurance premium if not already included under D&O coverage.
- 7.1.7. The right to payment of membership fees in professional organisations/associations, up to EUR 3,000 excluding VAT per year.
- 7.1.8. The right to payment of the premium for voluntary supplementary collective pension insurance, as arranged by the Company for its employees.
- 7.1.9. The right to payment of the premium for a traditional life insurance policy.
- 7.1.10. Performance-related bonuses based on criteria applicable to all Company employees, which shall be included as part of variable remuneration.
- 7.1.11. The right to payment of an accident insurance premium for the event of illness, reduced work capacity or disability.
- 7.1.12. The right to use a corporate payment card for eligible expenses (e.g., fuel for the assigned company vehicle, education), including business representation costs, in accordance with the business and financial plan and subject to expenditure traceability.
- 7.1.13. The right to business representation expenses in accordance with the business and financial plan, provided that expenditure is traceable.
- 7.1.14. The right to receive an annual leave allowance in the amount granted to other Company employees.

- 7.1.15. The right to reimbursement of meal expenses during working hours, travel and per diem expenses on business trips, jubilee awards, and special bonuses and compensations in accordance with internal rules and applicable national legislation governing employment conditions for Company employees.
- 7.1.16. The right to other forms of health protection in case of illness, loss or reduction of work ability, or disability, as well as to compulsory and supplementary pension insurance, occupational health and safety, and other forms of social protection as prescribed by applicable laws and applicable to other employees.
- 7.1.17. The right to severance pay upon retirement.
- 7.1.18. The right to reimbursement of costs necessary for the performance of duties or incurred in connection therewith.
- 7.1.19. The right to salary compensation during absence from work, in the same cases, for the same duration, and under the same conditions as applicable to other Company employees.
- 7.2. In determining additional benefits, the Supervisory Board must ensure that such benefits, when combined with other forms of remuneration, remain proportionate to the responsibilities and duties of Management Board members, and are in line with the Company's financial position..
- 7.3. The total value of all insurance premiums must not exceed 1/12 of the recipient's annual base remuneration.

8. Employment Agreement of Management Board Members (Executive Service Agreement)

- 8.1. The remuneration of Management Board members shall be agreed upon in the executive service agreement (individual contract).
- 8.2. The duration of the executive service agreement shall correspond to the term of office of the Management Board member and shall not exceed five years.
- 8.3. The executive service agreement shall terminate upon the expiry of the term of appointment as a Management Board member, by mutual agreement, resignation from the position, dismissal by the Supervisory Board, death, loss of legal capacity, permanent incapacity to perform the function, loss of legal eligibility for holding the position, or in other cases provided by applicable legislation. In the event of resignation, the function of the Management Board member shall end upon the expiry of a three-month notice period, upon which the executive service agreement shall also terminate, unless the Management Board member and the Company agree to a shorter notice period.
- 8.4. Determination of the Agreement Provisions
 - 8.4.1. The remuneration of Management Board members shall be determined by the Supervisory Board for each individual member as follows:
 - a. The amount of the base salary shall be specified upon conclusion of the fixed-term executive service agreement, taking into account the complexity and scope of the responsibilities to be carried out under the role, in accordance with Section 6 of this Policy. The agreement shall also stipulate other rights and benefits.
 - b. The maximum level of variable remuneration shall be defined in the executive service agreement, in line with the limitation set out in paragraph three of Section 6.1.2 of this Remuneration Policy.
 - c. The executive service agreement shall define the maximum amount of severance pay, which shall not exceed six times the most recent monthly salary of the Management Board member. Severance may be awarded upon termination of the function, if the applicable legal or contractual conditions are met, and in proportion to the duration of the function,

the member's contribution to the Company, performance against the criteria used to determine variable remuneration etc.

8.4.2. Severance Pay Due to Early Termination of Term of Office:

- i. In the event of early termination of the term of office by mutual agreement (e.g. due to long-term illness, permanent incapacity, personal reasons, or other justified reasons) and in the absence of fault-based grounds for dismissal, the Management Board member shall be entitled to severance pay not exceeding six times their most recent monthly salary.
- ii. In the event of early termination, including dismissal without cause, for business or economic reasons, or for any other reason not attributable to fault on the part of the Management Board member, they shall be entitled to compensation not exceeding six times their most recent monthly salary. In no case may the total severance exceed the gross base remuneration that the member would have been entitled to until the end of their term had it not been terminated early. Where the function was performed for less than one year, the maximum severance amount shall be limited to three times the gross monthly base remuneration as specified in the executive service agreement.
- iii. The Management Board member shall not be entitled to severance pay in the event of termination due to fault-based grounds as set out in the first, second, and third indents of paragraph two of Article 268 of the Companies Act (ZGD-1), in the event of voluntary resignation or termination of the executive service agreement by the member, or in other cases where applicable legislation does not permit severance.
- iv. No severance shall be payable upon regular expiry of the term of office. A Management Board member who continues employment with the Company after early termination of their term shall not be entitled to severance.

8.4.3. Non-Compete Clause

Executive service agreements should include a post-termination non-compete clause. If the termination occurs due to dismissal by the Company, the restriction shall not exceed six months. In other cases, the agreement shall provide for a non-compete period of no less than six months and no more than two years. During this period, the Management Board member shall be entitled to monthly compensation not exceeding 75% of their most recent base salary.

Regardless of whether a non-compete clause is included in the agreement, the Supervisory Board may waive the enforcement of the non-compete obligation following the termination of office if, considering all known circumstances, there is no real threat to the Company's interests from not enforcing the restriction in the case of the individual Management Board member.

9. Establishment and Determination of Performance Criteria for Variable Remuneration

9.1. Financial and Non-Financial Performance Criteria

Variable remuneration of Management Board members is subject to the fulfilment of performance criteria.

Financial and non-financial criteria shall each carry equal weight (50/50) in the assessment of performance; however, depending on the Company's challenges, the Supervisory Board may, in justified cases, increase the weight of one category up to 60% at the expense of the other (e.g. financial/non-financial criteria: 60/40).

Financial criteria for determining variable remuneration include:

- Key financial indicators: net sales revenue, EBIT, EBITDA, ROE, net profit, and value added per employee compared to the business plan. Each of these is weighted equally and together shall account for no less than 50% of the total variable remuneration.

These criteria reflect financial objectives that support sustainable business volume, productivity, cash flow generation, financial stability, a balanced dividend policy, and value creation.

Non-financial criteria affecting variable remuneration include:

- Development criteria (e.g. implementation of projects/investments, development of new products, entry into new markets), based on joint resolutions of the Management Board and the Supervisory Board, may represent up to 25 % of variable remuneration.
- Corporate social responsibility (CSR) criteria (e.g. corporate culture, employee development and training, organisational climate), up to 5 % of variable remuneration.
- Sustainability goals, including the implementation of the sustainability strategy and a positive audit opinion on the sustainability report, up to 20 % of variable remuneration.
- Governance criteria (e.g. compliance, integrity, stakeholder communication), up to 5%.

Non-financial criteria pursue goals related to development, sustainability, social responsibility, and corporate governance.

Additionally, the Supervisory Board retains discretionary power to assess the quality of the Management Board's performance using a qualitative scale (poor, satisfactory, good, very good, excellent), which shall account for no less than 10% and no more than 20% of the variable remuneration.

The fulfilment of non-financial criteria is assessed by the Supervisory Board based on the implementation of projects from the business plan.

At least 50% of the total score for non-financial performance must relate to long-term/strategic goals.

The specific weighting of each financial or non-financial criterion is defined by a resolution of the Supervisory Board based on current challenges facing the Company. The weighting reflects the relative importance of each criterion. The Supervisory Board may, within the act on variable remuneration, designate any criterion as a prerequisite for eligibility, regardless of fulfilment of other criteria.

The actual amount of variable remuneration for each Management Board member is determined using accounting methods, taking into account the criteria set out in the preceding article and their impact on the amount of the member's variable remuneration. The calculation is prepared in the form of an overall performance assessment of the individual Management Board member for a given year, whereby the assessment is directly expressed as a percentage of variable remuneration for the relevant financial year being evaluated (the previous year), such that the overall performance assessment is translated into a range defined in accordance with this Policy and the executive service agreement, based on the gross base remuneration received in the previous year.

The Supervisory Board is responsible for evaluating the performance of the Management Board and for determining variable remuneration, in accordance with the applicable Rules and this Remuneration Policy. The Supervisory Board adopts detailed criteria and indicators for determining variable remuneration following the adoption of the annual plan, typically by the end of the calendar year for the following year, or reviews their adequacy once per year and proposes amendments where necessary.

No later than at the time of adopting the audited annual report for the business year, the Management Board shall submit to the Supervisory Board a report on its activities, which—taking into account the applicable internal Rules—provides all necessary information on the basis of which the Supervisory Board may assess the Management Board's performance during the financial year and, consequently, determine the appropriate level of variable remuneration.

The performance of the Management Board is evaluated, and variable remuneration is determined, once annually for the preceding financial year, following the adoption of the audited annual report by the Supervisory Board.

The Supervisory Board may, for justified reasons, by means of an act determining the criteria for the payment of variable remuneration, appropriately adjust the criteria or their target values during the year, with effect for the financial year under consideration, in response to extraordinary changed circumstances. In doing so, the Supervisory Board shall take into account market, asset, financial, and other relevant conditions. The principal criteria for such adjustment are that the change in targets is required by the long-term interests (long-term success) and sustainability of the Company. Justified reasons include in particular those circumstances that could not reasonably have been foreseen during business planning, that could not justifiably have been included in the Company's risk management system in advance, and where it was not justifiable or appropriate to take effective risk mitigation measures. This option, which lies within the discretion of the Supervisory Board, shall also be appropriately reflected in the executive service agreements concluded with Management Board members. The Supervisory Board must duly justify its decision.

9.2. Conditions for Temporary Deviations from the Remuneration Policy

Temporary deviations from the Remuneration Policy are permitted only in exceptional circumstances that are necessary for safeguarding the Company's long-term interests and overall sustainability, or for the protection of its assets. A deviation may also be justified due to legislative changes, such as amendments to tax regulations, and shall apply only to the current financial year.

Such changed circumstances must arise after the General Meeting has discussed the Remuneration Policy.

A deviation may be applied only if the following procedural conditions are fulfilled:

1. The Nomination Committee, acting in accordance with the instructions of the Supervisory Board and following consultation with the Management Board
 - assesses whether exceptional circumstances or relevant changes in legislation exist that would allow a temporary deviation from the Remuneration Policy,
 - carries out a review of the existing remuneration system for the Management Board,
2. The Nomination Committee confirms the existence of exceptional circumstances or legislative changes justifying the deviation and submits to the Supervisory Board a proposal outlining the elements of the Policy to be deviated from and the proposed new amount,
3. The Supervisory Board approves the proposal of the Nomination Committee.

Deviations may relate solely to the amount of variable remuneration.

10. Decision-Making on the Remuneration Policy and Publication

The Remuneration Policy must be submitted to the General Meeting for a vote upon each material amendment and at least once every four years.

The vote on the Remuneration Policy is of an advisory nature. If the General Meeting does not approve the proposed Remuneration Policy, the Company shall submit a revised Remuneration Policy for a vote at the next General Meeting.

Družba članom uprave in nadzornega sveta določi prejemke le v skladu s Politiko prejemkov, ki je bila predložena v glasovanje za odobritev na skupščini.

The Company shall determine the remuneration of Management Board and Supervisory Board members solely in accordance with a Remuneration Policy that has been submitted to the General Meeting for approval.



This Remuneration Policy shall enter into effect once the General Meeting has expressed its opinion on it through an advisory vote.

The Company shall promptly publish the Remuneration Policy submitted to the General Meeting on its official website, together with the date and results of the vote. The Remuneration Policy shall remain freely and publicly accessible for at least the period of its application, and no less than ten years.

Celje,

Chairman of the Supervisory Board