

Policy on Emoluments of Management Board of Luka Koper, d.d., and of Directors of Subsidiaries

(hereinafter referred to as: Emoluments Policy)

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1. PURPOSE AND GOALS OF EMOLUMENTS POLICY

The Emoluments Policy applies to members of the Management Board of Luka Koper, d.d., and to Directors of its subsidiaries.

Objectives of Emoluments Policy are to:

- enable to hire top professionals for the Management Board and Directors of subsidiaries,
- Motivate Management Board members for responsible and effective work,
- Motivate Management Board members and Directors of subsidiaries for achieving the goals set,
- set the limits to the level of emoluments paid to the Management Board members of the Company and Directors of subsidiaries.

2. DEFINITIONS

Luka Koper Group: The Luka Koper Group consists of the Company Luka Koper, d.d. and of its subsidiaries.

Subsidiary/ Affiliated Company: A subsidiary is a company in which Luka Koper, d.d., holds more than one half in the capital, or more than one half of voting rights, or more than one half of votes in a controlling body, or a president of such controlling body with a preferential vote.

3. BASELINES FOR DEFINITION OF EMOLUMENTS POLICY

Underlying for defining the emoluments of the Management Board members and of Directors of subsidiaries is the current legislation regulating the emoluments to Managers in companies with majority ownership held by the R. Slovenia, observing that the remuneration to them shall be proportional with their powers, tasks assigned, experience, responsibilities, volume of workload and quality of work, criteria to assess achievements, and with the financial position of the Company.

4. COMPETENCE

The Supervisory Board determines the amounts to be remunerated to Management Board members; the amounts for Directors of subsidiaries are determined by the Management Board of the Company acting as the representative of the sole shareholder in single-shareholder companies. In multiple-person companies (with multiple shareholders), the emoluments policy is determined by the General Meeting of such a company, in which the Management Board of the Company exercises the voting rights of Shareholder Luka Koper, d.d. in line with this Emoluments Policy.

5. EMOLUMENTS POLICY

5.1 PARENT COMPANY

The emoluments of members of the Management Board comprise:

- Basic gross pay (hereinafter: basic pay, or basic salary) that includes all bonuses (for length of service; for additional qualification and flexibility; for worktime rescheduling; for occupations in short supply; for added-value increment, etc.); the basic salary shall be determined in proportion with the average salary paid out in the companies of the Luka Koper Group in the preceding financial year. The Slovenian Ordinance determining the highest proportions for basic pay and variable remuneration amounts to Managers (hereinafter: Ordinance) fixes the basic pay for the Management Board President at the maximum of a fivefold amount of the average gross salary in the Group; other members of the Management Board shall not exceed 90% of the gross salary of the President, observing the proportion to the scope of their powers, tasks assigned, experience, responsibilities, volume of workload, and the financial position of the Company,
- The variable portion of the incentive pay for operating performance bonus (hereinafter: variable remuneration) may not exceed 30% of the annual basic salary paid-out or a 3.6 multiple of the average basic pay of a member of the Management Board in the respective financial year. For the purpose of rewarding, the Supervisory Board shall define the criteria for the calculation of the reward using the quantitative criteria underlying for determining the Key Performance Indicators. The variable portion of remuneration comprises:
 - quantitative criteria (achievement of the target net sales turnover, the EBITDA, ROE, added-value per employee, CAPEX, volume of turnover of goods, etc.),
 - Qualitative criteria defining the business goals (implementation of social responsibility objectives and the recommendations made by internal audit, measures applied in risk management, implementation of projects, etc.).
 - Termination benefit, limited to the six-fold basic monthly pay of a Management Board member; however, a member is not entitled to termination benefit in case of resignation and in any other cases restricted by the current laws;
 - Other rights and benefits, such as annual holiday allowance, meal allowance, commuting allowance for travel expenses to/from the workplace (except where the beneficiary is entitled to a

company car for private use), refund of costs and per-diem allowances on business missions, jubilee or long-service benefits.

For individual members, the variable remuneration is subject to pre-determined individual criteria that relate to the scope for which such an individual member is in charge in the Management Board.

The variable remuneration is fixed by the Supervisory Board after closing the financial year; the payout of the 50-% amount shall be deferred for minimum two years.

Management Board members are entitled to use a company car for private use in accordance with the internal regulations and individual service contracts for managers, as well as subject to a decision of the Supervisory Board. The value of a company car assigned to an individual MB member shall not exceed EUR 50,000.00 EUR excl. VAT. Likewise, a member is entitled to use a company-owned computer /laptop and cellular phone for private use, and to a refund of costs of an annual managerial medical examination to a maximum of EUR 1,500.00 excl. VAT, and of training and educational forms up to EUR 7,000.00 excl. VAT per year, to liability/indemnity insurance for the responsibilities undertaken by MB and SB members, and to a supplementary voluntary collective pension insurance up to the amount of a tax-deductible operating expense.

5.2 CONTROLLED COMPANIES/SUBSIDIARIES

The emoluments received by Directors of subsidiaries comprise:

- Basic gross pay (hereinafter: basic pay, or basic salary) that includes all bonuses (for length of service; for additional qualification and flexibility; for worktime rescheduling; for occupations in short supply; for added-value increment, etc.); the basic salary shall be determined in proportion with the average salary paid out in the companies of the Luka Koper Group in the preceding financial year. The basic pay of a Director of a subsidiary shall not exceed 70% of the gross basic salary of the Management Board President. In addition to the a.m. criterium, the provision of the Slovenian Ordinance shall be observed in the fixing of the basic salary of subsidiary directors.
- The variable portion of the incentive pay for operating performance bonus (hereinafter: variable remuneration) may not exceed 25% of the annual basic salary paid-out or a 3-fold of the average basic pay of a Director of a subsidiary in the respective financial year. For the purpose of rewarding Directors of subsidiaries, the Management Board of a single-shareholder affiliated company, or through the General Meeting of a subsidiary exercising the voting rights in multi-person companies, shall define the criteria for the calculation of the reward using the quantitative criteria underlying for determining the Key Performance Indicators. The variable portion of remuneration comprises:
 - quantitative criteria (e.g. achievement of the target net sales turnover, the EBITDA, ROE, added-value per employee, CAPEX),

- Qualitative criteria defining the business goals (e.g. implementation of social responsibility objectives and the recommendations made by internal audit, measures applied in risk management, implementation of projects).
- Termination benefit, limited to the three-fold basic monthly pay of the subsidiary Director; however, the latter is not entitled to termination benefit in case of resignation and in all other cases restricted by the current laws;
- Other rights and benefits, such as annual holiday allowance, meal allowance, commuting allowance for travel expenses to/from the workplace (except where the beneficiary is entitled to a company car for private use), refund of costs and per-diem allowances on business missions, jubilee or long-service benefits.

The variable remuneration is fixed by the decision of the sole shareholder in single-shareholder companies, or by a General Meeting resolution in multi-person companies, after closing each financial year, the payout of the 50-% amount shall be deferred for minimum two years.

A Director of a subsidiary is entitled to use a company car for private use in accordance with the internal regulations of the resp. subsidiary and with individual service contracts for managers, as well as subject to a decision of the sole shareholder or of the General Meeting of a multi-person company. The value of a company car assigned to an individual Director shall not exceed EUR 30,000.00 EUR excl. VAT. Likewise, a Director of a subsidiary is entitled to use a company-owned PC or laptop and a cellular phone for private use, and to a refund of costs of an annual managerial medical examination to a maximum of EUR 1,000.00 excl. VAT, and of training and educational forms up to EUR 3,000.00 excl. VAT per year, to liability/indemnity insurance for the responsibilities undertaken by MB and SB members, and to a supplementary voluntary collective pension insurance up to the amount of a tax-deductible operating expense.

5.3 JOINT PROVISIONS

If the term of office of a MB member or of a Director of a subsidiary expires before the due date of deferred pay, they are entitled to receive 50% of the deferred variable remuneration at the time of expiry of their term of office. Where a MB member or a Director of a subsidiary held their office for less than two years, they are not entitled to receive 50% of the deferred variable remuneration. A MB member or a subsidiary Director is under obligation to repay the variable remuneration where the requirements for repayment are fulfilled, or to repay a portion of remuneration where so required by the law on commercial companies (Companies Act/ZGD).

A MB member or a subsidiary Director is entitled to the same level of rights/benefits as provided by the law /ZDR-1-Employment Act/, in internal acts/regulations of the Company, and in Collective Agreement for the Company, unless such rights are excluded by the individual managerial service contract. In the event that the a.m. Acts/regulations foresee any remuneration that are not admissible under the Act

Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities (ZPPOGD), then the MB member or subsidiary Director be not entitled to such remuneration.

6. TRANSITIONAL AND FINAL PROVISIONS

This Emoluments Policy for the members of the Management Board of Luka Koper, d.d. shall enter in force when adopted by the Supervisory Board. The Emoluments Policy for Directors of subsidiaries of Luka Koper, d.d., shall enter in force when adopted by the Management Board of Luka Koper, d. d.

Koper, 11 June 2020

President of the Supervisory
Board

Uroš Ilić

Management Board President

Dimitrij Zadel

Member of the Management Board

Metod Podkrižnik

Member of the Management Board

Irma Gubanec

Management Board Member – Workers Director

Vojko Rotar