

Pursuant to Article 247.a of the Companies Act and Article 27 of the Company's Articles of Association, the Supervisory Board of INA - INDUSTRIJA NAFTE, d.d. (hereinafter: INA, Plc.), at the 14th session held on 11.12.2024. adopts

REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD

1. Introduction

The aim of this Remuneration Policy is:

- to set rules and principles that govern and implement remuneration of Management Board members of INA, Plc,
- to have a clear, comprehensive overview of the components of the remuneration, based on defined factors and indicators
- to enable and maintain simple access to remuneration rules for the shareholders of INA, Plc and to ensure that potential investors and stakeholders are properly informed about the remuneration rules
- to maintain the transparency of the remuneration processes and enhance the relations between INA, Plc., and its shareholders.

2. Basic provisions

The aim of INA Plc.'s remuneration system is to provide competitive remuneration package for the MB members to carry out the company's strategy. Remuneration plays an important role in supporting the achievement of these goals.

Total remuneration, especially the variable remuneration of MB members, is aligned with the business strategy in order to ensure realization of long-term interests and sustainability of the company. The variable part of MB members' remuneration which is defined in accordance with company goals are also the individual goals of MB members.

Respective goals are defined once a year and they are aligned with business plans, long-term interests and they contribute to the sustainability of the company.

3. Remuneration conditions for MB members

3.1 General provisions

Remuneration policy for MB members defines basic principles and reward conditions for MB members related to:

- individuals entitled to remuneration,
- type of remuneration,
- amount of remuneration,
- remuneration payment method.

An MB member shall be entitled to remuneration from the starting date of performance of the MB member function until the performance of such function ceases, regardless of the nature of reason for termination of the performance of function (resignation, termination of office term, etc.).

Depending on the status of MB member, remuneration is paid as:

- salary – MB members who are employed in INA Plc.,
- remuneration based on a Contract for performance of work in the Company's MB - for MB members who are not employed in INA, Plc.

In accordance with these remuneration rules, the remuneration of MB member for the performance of his/her function/duties as an MB member is provided only if he/she is not employed full time in any company within the INA/MOL Group.

MB member's remuneration consists of the following components:

- Fixed component of total remuneration
- Variable component of total remuneration
- Other allowances and benefits.

The approximate ratio of fixed and variable remuneration is 60% : 40% in favor of the fixed part of remuneration.

Other allowances and benefits consist of non-monetary, fixed remuneration such as, but not exclusively: use of company car, supplementary health insurance, physical examination for managers, etc. in accordance with internal INA regulations which define employees' remuneration. INA Supervisory Board has the right to include, exclude, regulate any type of non-monetary benefit, remuneration, etc. by a special decision of the Supervisory Board in accordance with this Policy.

All pertaining taxes, surtaxes and contributions in relation to contractual remuneration (salary and other earnings) shall be calculated and paid pursuant to the provisions of valid tax regulations the same as for other employees.

The total remuneration of an MB member for a particular year, including the fixed annual gross salary/remuneration together with an annual bonus and other benefits can amount to a maximum of 5 annual gross salaries/remunerations of an MB member in that year. The total remuneration of an individual MB member for a particular year does not include acquired rights of an MB member from an earlier period.

3.2. Fixed component of total remuneration

An MB member is entitled to a gross monthly base salary/remuneration in the amount determined by INA, Plc. Supervisory Board.

When determining the fixed gross monthly base salary/remuneration, the Supervisory Board shall take into consideration the market remuneration range for the pay grade in question and the Company situation where the salary/remuneration can vary between 80% and 120% of the annual base salary market median for the pay grade in question, while respecting the following principles:

- Regular monitoring of market trends and maintaining competitiveness
- Internal fairness in remuneration on all levels throughout INA, Plc, with regard for the principle of key contribution and responsibility of MB members for the Company's business operations
- Ensuring objectivity and consistency for all employees and managers of INA, Plc.

MB members' fixed remuneration is paid on monthly basis on the pay date of salary pay-out to the INA, Plc. employees, by a cashless transfer to the bank account of an MB member.

3.3. Variable component of total remuneration

An MB member is entitled to an annual bonus as a variable part defined by the percentage (%) of annual gross salary, for the assessment period and depending on the performance grade based on a decision of the Supervisory Board.

The variable part of salary/bonus is determined according to market remuneration range for the respective pay grade and the defined range of target bonus percentage (%) for the respective pay grade and the Company situation.

INA, Plc. Supervisory Board adopts a decision on the approval of target bonus percentage (%) as part of the decision on MB member's compensation package in accordance with the above guidelines.

Goals (KPI – Key Performance Indicator) are defined by an INA, Plc Supervisory Board decision made for each reference year as follows:

- Achievement of Company goals generally represents the achievement of individual goals of MB members.
- Corresponding percentage weight (%) is defined for each individual goal. Sum of all individual goal weights must be 100%, where individual goals and associated weights, depending on the Company situation and the market in which it operates, may be corrected and adjusted throughout the year.

As MB members manage INA, Plc activities and make decisions together as a body, they have the same scope of responsibility in order to act in the best interest of INA, Plc. Therefore, the variable part of salary/bonus for MB members, goal setting and goal evaluation are the same for all MB Members.

INA, Plc. Supervisory Board adopts a decision on goal evaluation for MB members. Achievement of each individual goal is evaluated in accordance with achieved results and INA, Plc financial indicators which are prepared by the organizational unit in charge of Finance. Total value of realization represents a sum of all realizations multiplied by the weight of each goal.

The exact bonus amount represents a product of annual gross salary, targeted bonus percentage (%) and the total value of achieved MB members' goals. The exact bonus amount is confirmed by INA, Plc Supervisory Board.

The variable part of salary/bonus is paid once a year for the previous year upon goal evaluation.

The variable part of salary/bonus may not be regarded or interpreted as part of the regularly agreed-on monthly salary amount. INA, Plc. retains the right to amend or cancel the payment of special bonuses in line with a special decision of the Supervisory Board.

Performance monitoring system enables INA, Plc. shareholders to direct business behavior and decisions of managers toward accomplishment of short-term and long-term goals. From INA, Plc shareholders' perspective, the ultimate goal is to create added value and profit increase which is achieved through specific defined goals (CAPEX, EBITDA, FTE, etc.) through which clear business guidance is given to MB members for the upcoming business period. Due to the fact that sustainable development and HSE (health, safety and environment) are high priorities within INA, Plc. in the scope of performance monitoring system on the company level and on the individual key projects level, sustainable development & HSE related performance indicators are also set as non-financial targets.

3.4. Long-term variable remuneration component

MB members do not exercise the right to receive remuneration in the form of shares or options on INA, Plc. shares, nor do they exercise the right to receive any form of long-term variable remuneration. Additionally, remuneration payment delay is not an option, as well as the possibility that INA, Plc. requires a refund of the paid variable remuneration/bonus.

3.5. Other allowances and benefits

Sick leave: For the duration of the temporary work incapacitation (sick leave) of up to 42 days, INA, Plc will pay a salary compensation equivalent to the average monthly salary paid to the MB Member in the last three months prior to the sick leave.

Should the sick leave last longer than 42 days, the MB Member shall not only be entitled to salary compensation in accordance with legal regulations regulating the mandatory health insurance, but also to the difference between the salary compensation in accordance with the legal provisions and the amount of up to 90% of the average gross salary paid out in the three months preceding the occurrence of temporary incapacity to work.

Additional health benefits:

- In the event of the MB member's illness or injury, INA, Plc undertakes to ensure the highest possible treatment and recovery level and to bear 80% of the additional costs not acknowledged by the Croatian Health Insurance Institute (HZZO).
- MB member is once a year entitled to a physical examination for managers at the expense of INA, Plc.
- MB member is entitled to supplementary health insurance, as are other INA, Plc employees.

Voluntary pension insurance: INA, Plc does not pay any contributions for voluntary pension insurance, nor does it have the obligation for buying added pension after managerial contract termination and early retirement of the MB member.

Insurance: INA, Plc shall take out at its own expense an insurance policy against accidents including demise due to illness, under the conditions and in the amounts established by INA, Plc decision.

Benefits for assignees (expats): pursuant to internal regulations regarding assignees to work in INA, Plc in Croatia, an MB member who is an expat can exercise the right to the following benefits:

- Allowance for costs of housing,
- Schooling and/or kindergarten cost reimbursement
- Tax consultancy services
- Immigration status regulation
- International Health and Travel insurance
- Covering the costs of moving
- Home leave allowance
- Settling-in Allowance.

Other benefits: An MB member is entitled to use a company car for business and private purposes, corporate business card for business purposes and IT equipment in accordance with the internal bylaws of INA.

4 Managerial contract or other contract with an MB Member (hereinafter: the Contract)

4.1 Contract duration, conditions for contract termination including contractual notice periods

A Contract with an MB member is concluded for the mandate (office term) duration period, on a full-time or part-time basis. Pursuant to the Company's Articles of Association, the Supervisory Board decides on MB Members' office term.

An MB Member shall perform the duties of the above stated function until the expiry of the appointment term, revocation, resignation or any other mode of termination of the function of MB Member foreseen under the CA or other laws.

For the duration of the employment relationship, the parties' employment-related positions and the relations between the contractual parties shall be regulated by the provisions of the Croatian Labour Act (hereinafter: LA), except for the provisions on fixed term employment contract, employment termination, notice period, severance pay, working hours, daily and weekly rest, except in case the exact application of the LA is contracted for the aforementioned provisions.

An MB member is entitled to submit at any time a written resignation from the function of the MB Member. The resignation shall be considered also a unilateral termination of the Contract, without a right to severance pay.

The resignation shall come into effect after the appointment of a new MB Member or the expiration of two months from the day the resignation is announced, whichever occurs first.

The Company may recall an MB member from his/her function and that shall be considered also a unilateral termination of the Contract in case of a valid (hrv. Važan) reason, especially (hrv. Naročito): severe violation of the rights and obligations, incapacity to orderly perform one's duties, etc.

Other modes of contract termination: the Contract with an MB member shall also cease in the event that the MB member turns 65 and has 15 years of pensionable service, unless agreed otherwise by the Company and the MB Member, and with the delivery of a valid resolution on the acknowledgement of the right to disability pension due to full lack of work capacitation.

In case of termination of employment due to retirement, the MB Member shall be entitled to severance pay according to internal bylaws of the Company.

4.2. Company's obligations toward an MB member in relation to severance pay

An MB Member shall be entitled to severance pay, except in the following cases:

- resignation and unilateral termination of the Contract by the MB member

- recall from the function and Contract termination for reasons conditioned by the MB Member's misconduct and in case of a severe violation of the rights and obligations from the employment relationship as stipulated in the Employment Contract,
- if, after resignation and unilateral termination of the Contract, the MB Member establishes an employment relationship with a company which is a member of INA Group/MOL Group.

An MB Member is entitled to severance pay calculated according to the number of gross monthly base salaries established by the Contract, depending on the years of service in the Management Board:

Tenure as a member of the Management Board in INA, Plc.	No. of monthly base salaries proposed to be
3 years or less	4
Over 3 years	6
Over 5 years	7
Over 10 years	8

Severance for each incomplete year of mandate, after the initial three-year period, will be calculated on pro-rata basis.

5. Procedure for adoption, supervision of Remuneration Policy, role of remuneration and appointment committee and measures for suppression of the conflict of interest

Pursuant to the Companies Act, INA, Plc. Supervisory Board establishes the remuneration policy for MB members in cooperation with the General Assembly. INA, Plc. General Assembly gives its approval to the Remuneration Policy presented to the General Assembly by the Supervisory Board.

INA, Plc. has not established a remuneration and appointment committee or another corresponding committee. Those tasks are within the scope of duties of the Human Resources department.

In order to protect the legitimate interests of INA, Plc., Contracts with the MB members contain provisions for suppression of conflicts of interest, prohibition of competition, keeping business secrets of INA, Plc., protecting data confidentiality and protecting personal data in accordance with applicable regulations.

Management Board members are not involved in the process of defining the Remuneration Policy and deciding on their remuneration.

6. Deviation from the Remuneration Policy

INA, Plc. Supervisory Board can temporarily deviate from the Remuneration Policy in case this deviation is necessary for long-term interests and sustainable operation of the company. The Supervisory Board shall approve this deviation in a separate decision, which shall contain information about duration of this deviation, explanation why such deviation is necessary and it shall specifically indicate the provisions of the Policy which are being deviated from.

Deviation is possible in case it is necessary for long-term interests of the company in case market indicators refer that change in compensation is necessary due to significant changes of labour market indicators.

Overview of market remuneration trends in Croatia is prepared (annually or at the management request) by the Human Resources department and any deviation from the Remuneration Policy shall be approved by the Supervisory Board.

Deviations are possible in the part of the Policy referring to:

- Fixed component of the total remuneration
- Variable component of the total remuneration
- Other allowances and benefits.

7. Final provisions

This Remuneration Policy has been developed in accordance with the INA, Plc. business strategy, its long-term objectives and Company sustainability.

Revision of this Remuneration Policy is conducted as needed, at least once every 4 (four) years.

This Remuneration Policy shall take effect as of the day of the General Assembly's approval and shall be applied until a decision to the contrary is adopted by the General Assembly in accordance with the applicable regulations.

Damir Mikuljan, Chairman of the Supervisory Board

