

Draft

Pursuant to Art.329 Para 1 Point 10 and 10a, and Art.463a of the Law on Companies and Art.51 Para 1 Point 10 of the Statutes of Metalac a.d. of Gornji Milanovac, the Assembly of Metalac a.d. at its annual meeting held on 7<sup>th</sup> June, 2024 passed the following

## EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS REMUNERATION POLICY

### **1. Introductory Provisions**

1.1. The Assembly the company METALAC a.d. of Gornji Milanovac, as a bicameral management organization, determines remuneration policy for Supervisory Board members and for executive officers for their engagement and performance of duties in supervisory and executive board domain following the principles of the Law on Companies and the provisions of the Statutes of the Company, code and recommendations of good corporate governance practices in recruiting members of management bodies.

1.2. Base principles of the Remuneration Policy are adequacy of remunerations to the scope of tasks and engagement of the members of the Supervisory and Executive Boards in performance of the said management bodies and their contribution to achieve strategic plans, financial results, sustainability goals and long-term development of the Company while respecting the interests of shareholders and the core values of the Company.

1.3. Remunerations are determined on principle of success and the Remuneration Policy is therefore designed to the extent of the Company's financial capabilities yet attractive and competitive for recruitment of prominent experts in the fields important for successful performance and development of the Company and the affiliates, sufficiently motivating for the members of the Supervisory and Executive boards to act in best interests of the Company, justly evaluating their expertise and responsibility without discrimination.

### **2. Supervisory Board Remuneration**

2.1. The members of the Supervisory Board, as prominent experts in the fields important for successful performance and development of the Company and the affiliates, perform their duties as members of the Supervisory Board based on the Assembly's decision on their election and the Agreement on Rights and Duties of Supervisory Board Members concluded with the President of the Metalac Group (Agreement model: Appendix 1) and have the right to remuneration for performing duties within the scope of the Supervisory Board competence. The President of the Supervisory Board, as the president of the Metalac Group, signs the agreement on rights and duties with the President of the Assembly.

2.2. Members of the Supervisory Board are entitled to remuneration for work and involvement in the Supervisory Board, consisting of fixed part of remuneration paid in money and a variable part of remuneration paid in money or in shares whereby the variable part is aimed to associate interests of the Supervisory Board members with the long term interest of the Company and its shareholders.

2.3. Fixed remuneration is paid in money only, in a monthly amount determined from 1 to 3.5 times average monthly salary in the Company calculated on basis of average salary paid in the Company and the affiliates in the month for which the salary payment refers.

Amount of monthly remuneration to the Supervisory Board members is determined by a Decision of the President of the Metalac Group depending on the engagement, responsibility, scope of tasks, expertise and activities of a board member in performing tasks within the scope of competence of the Supervisory Board determined by applicable law, the Statute, decisions of the Assembly and of the Board.

2.4. Variable remuneration (managerial premium) of the Supervisory Board members depends on financial results shown in annual financial report in relation to annual business plan and measured according to the EBT (Earning Before Tax) obtained in the consolidated financial report (not taking in consideration the EBT of the affiliates).

If the EBT (Earning Before Tax) obtained by the Metalac Group (not taking in consideration the EBT of the affiliates) is  $\leq 10\%$  from what provided by business plan for a specific business year, a member of the Supervisory Board doesn't exercise the right to a managerial premium.

Decision on the premium amount is brought by the President of the Metalac Group in consultation with the Vice President of the Supervisory Board.

Managerial premium can be paid in money or in shares if the Company acquires and disposes of its own shares in order to reward members of Supervisory and Executive Boards and employees of the Company and the affiliates.

In relation to such allocated shares a disposal right restriction is established for a period of 5 years from the allocation date during which period the member of the Supervisory Board cannot sell, gift, pledge or dispose of the shares in any other way.

If the managerial premium is paid in shares the Company is obliged to take care that such payment does not compromise independence status of the member of the Supervisory Board.

The variable remuneration can't be considered as participation in the distribution of the Company's profit.

2.5. The Supervisory Board members exercise the right to remuneration during the term of office in accordance with the decision of the Assembly on their election or the decision of the Supervisory Board on co-optation. In case of a board member termination before end of the mandate provided for in the election decision the payment of remuneration also ceases. The supervisory Board members are not paid severance pay or any other fee or compensation in case of board member termination before end of the mandate for any reason.

2.6. The Supervisory Board members may be entitled to a daily allowance for official travel visit to fairs where the Company' affiliates exhibit their products, in the amount and under conditions that apply to the employees of the Company.

The Supervisory Board members may have paid annual medical check-up or voluntary medical insurance card if such benefits apply for executive officers and other employees of the Company under same conditions.

The members of the Supervisory board do not receive other incomes, benefits or compensations based on performance of their duties as members of the Board.

### **3. Executive Board Remuneration**

3.1. The Executive Board consists of executive directors of whom the Supervisory Board appoints one as a chief executive officer (managing director).

The Executive Board members are employed with the Company or its affiliates and all rights and liabilities within the competence of an executive director are performed according to the decision on appointment as a member of the Executive Board and to the Employment Contract.

3.2. If an executive director is employed with the company Metalac a.d. the employment agreement is concluded with the President of the Metalac Group (as the President of the Supervisory Board) for duration of the mandate according to the Supervisory Board's appointment decision.

Beside salary which amount depends on complexity of the work according to the Work Organization and Systematization Rulebook, the Employment Contract contains other elements provided by the Employment Act, Collective Agreement and other acts applying to all the employees of the Company and the affiliates (Agreement model: Appendix 2)

The Executive Board member employed with any of the Company's affiliates who in addition to performing duties of an executive director has concluded an Employment Contract for the position of a director of such affiliate or any of its sectors, is entitled to remuneration for the work in the Executive Board in the amount of up to 25% of hers/his salary. Decision on remuneration amount is made by the President of the Metalac Group.

3.3. The Executive Board members are entitled to a variable remuneration (managerial premium) which depends on financial results shown in annual financial report in relation to annual business plan and measured according to the EBT (Earning Before Tax) obtained in the consolidated financial report (not taking in consideration the EBT of the affiliates) and contribution of an executive director to the achieved results and performance.

If the EBT (Earning Before Tax) obtained by the Company is  $\leq 10\%$  from what provided by business plan for a specific business year, a member of the Executive Board does not exercise the right to a managerial premium.

Decision on the premium amount is brought by the President of the Metalac Group in consultation with the Vice President of the Supervisory Board.

Managerial premium can be paid in money or in shares if the Company acquires and disposes of its own shares in order to reward members of Supervisory and Executive Boards and employees of the Company and the affiliates.

In relation to such allocated shares a disposal right restriction is established for a period of 5 years from the allocation date during which period the member of the Supervisory Board cannot sell, gift, pledge or dispose of the shares in any other way.

3.4. Executive directors can exercise the right to voluntary pension fund and health insurance as well as other incomes, benefits and remunerations out of the employment relationship which under equal conditions and in accordance with the Employment Act, Collective Agreement and other acts of the Company are enjoyed by other employees of the Company.

#### **4. Remuneration Reporting**

4.1. Once a year for the annual general meeting the Supervisory Board submits to the Assembly a report on remuneration paid to the Supervisory Board members.

#### **5. Remuneration Policy Modification**

5.1. The Supervisory Board proposes a remuneration policy change to the Assembly at least every four years.

5.2. The Company is obliged to pay remuneration only in accordance with the adopted remuneration policy.

#### **6. Remuneration Policy Deviation**

6.1. Deviation from the Remuneration Policy is possible only temporarily and in exceptional circumstances when the Supervisory Board finds it necessary for long-term interests, preservation of assets and sustainability of the Company.

6.2. Deviation from the Remuneration Policy may refer to fixed and variable remuneration for members of the Supervisory and Executive Boards.

#### **7. Entry into Force**

7.1. Remuneration Policy enters into force and applies on the day of its adoption by the Company's Assembly.

7.2. With the day of entry into force of this Remuneration Policy, the Remuneration Policy No. 10260/9 of 31st May 2012 ceases to be valid and applicable.

ASSEMBLY PRESIDENT

Goran Todorović