

**REMUNERATION POLICY  
OF THE MEMBERS OF THE BOARD OF DIRECTORS OF  
ALLTERCO JSCO**



in force as of 28.06.2021

[last amended 08.04.2022]

**This Remuneration Policy of the members of the Board of Directors of Allterco JSCO has been developed by the Board of Directors in accordance with the requirements of ORDINANCE № 48, issued by the Financial Supervision Commission on March 20, 2013, as amended. and ext. Official Journal no. 61 of July 10, 2020, on the requirements for remuneration, taking into account the recommendations of the National Code of Corporate Governance.**

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## I. GENERAL PROVISIONS

**Art. 1.** The Remuneration policy of the members of the Board of Directors of Allterco JSCo, as well as any amendments and / or supplements or revisions, shall be developed by the Board of Directors of the company and adopted by the Company by a decision of the General Meeting of Shareholders, by including a separate item on the agenda announced in the convocation of the General meeting. A description and explanation of the significant changes and the way in which the results of the General Meeting votes were taken into account, the opinions of the shareholders and the minutes of the General Meetings at which the Remuneration policy was considered and voted are reflected in Appendix 1 to this Policy, an integral part thereto.

**Art. 2.** The Remuneration policy of the members of the Board of Directors of Allterco JSCo aims to:

- establishing objective criteria for determining the remuneration of the corporate management;
- attracting and retaining qualified and loyal members of the Board of Directors and motivating them to work in the interest of the company and the shareholders while avoiding potential and real conflicts of interest;
- achieving the business goals of the Company by further stimulating the members of the Board of Directors and linking these goals with the results achieved by them;
- ensuring better cost planning;
- encouraging management to achieve long-term corporate goals such as sustainable development, strategic planning and investment management;

The remuneration policy establishes rules and principles that reflect the specifics of the Company's activities and its management.

**Art. 3.** The Company implements the Remuneration Policy of the members of the Board of Directors in accordance with the regulatory requirements for public companies, the goals, long-term interests and strategies for future development of the Company, as well as its financial and economic situation in the context of national and European economic conditions, taking into account the recommendations of the National Corporate Governance Code.

**Art. 4.** The Company shall disclose the Remuneration Policy of the members of the Board of Directors and any subsequent changes in a clear and accessible manner, without disclosing sensitive commercial information or other information constituting a secret protected by law, by publishing it on the Company's website. The adopted Remuneration Policy with the date of its adoption and the date of its entry into force and the results of the voting at the General Meeting is published on the Company's website and is available free of charge while it is in force.

**Art. 5.** The Company shall disclose to its shareholders the manner in which it applies the Remuneration policy in a report, which is a separate document to the Annual financial statements of the Company, which is also published on its website. The registered auditor, who performs an independent financial audit of the Annual financial statements of the Company is obliged to express

an opinion on whether a report on the implementation of the Remuneration policy has been submitted and whether the report meets the legal requirements in the audit report.

**Art. 6.** The Board of Directors is responsible for the implementation of the Remuneration policy and monitors its periodic review. At least once a year, it reviews the Remuneration policy in regard with the remuneration of the members of the Board of directors.

**Art. 7.** When preparing and implementing the Remuneration Policy, the Board of Directors shall ensure that the remuneration of each of its members is fairly determined in relation to the remuneration of the other members and other employees in management positions in the administration of the Company, as well as the functions performed by the respective person in the management of the Company, [his responsibilities, qualifications, professional experience and place of work].

**Art. 8.** The Remuneration Policy shall be reviewed, amended and / or supplemented at least once every 4 years as well as when substantial changes and / or additions to it are necessary or it is necessary to achieve the objectives set out in Article 2 of this Policy.

**Art. 9.** When the General Meeting does not accept the proposed amendments and / or additions to this Policy, the Company continues to pay remuneration to the members of the Board of Directors in accordance with the policy in force at the time of proposing the relevant amendments and / or additions. In this case, the Board of Directors is obliged to present at the next General Meeting for adoption revised amendments and / or additions to it.

**Art. 10.** For the purposes of the Remuneration Policy, executive members are those members of the Board of Directors who are assigned to represent the Company in its relations with third parties and are entered as such in the Commercial Register at the Registry Agency.

## II. REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

### Section 1

#### GENERAL CONDITIONS

**Art. 11.** The Company may pay to the members of the Board of Directors fixed and variable remuneration.

**Art. 12.** (1) The members of the Board of Directors have the right to receive fixed and variable remunerations, both from the Company and from subsidiaries from the group of the Company, under an employment or equivalent contract for the functions performed by them in the respective company.

(2) The members of the Board of Directors shall be entitled to all material incentives applicable to all employees in the Company and in the respective subsidiary, in which they perform additional functions under an employment agreement or an equivalent legal relationship (including management

contracts), as well as to all social benefits received by the employees of these subsidiaries, as well as those necessary for the performance of their official duties.

**Art. 13.** When members of the Board of Directors receive remuneration under employment or under equivalent legal relations (including management contracts) from subsidiaries of the Group of the Company, in order to ensure complete and reliable information about the remuneration received by them, as well as for the objectives of avoiding conflicts of interest and guaranteeing their loyalty to the company, the Report on the implementation of the Policy reveals the remuneration received or due, not only from the Company, but also from any other company in its Group.

## SECTION 2

### PAYMENT OF FIXED REMUNERATION

**Art. 14.** (1) The Company shall pay to the members of the Board of Directors a fixed remuneration, the specific amount of which shall be approved by the General Meeting of Shareholders of the Company and shall take into account:

1. the obligations, the degree of workload, commitment and loyalty of the members of the Board of Directors in the management of the Company,
2. [the possibility for election and retention of qualified and loyal members of the Board of Directors, including such with proven previous international professional experience;
3. the presence of compliance of the interests of the members of the Board of Directors and the long-term interests of the Company;
4. the market rates of remuneration for the relevant position in comparable companies in local and international labour market, taking into account the place of work of the relevant Board member;
5. the expected contribution of each member of the Board of Directors to the international development of the Company, based on their qualification, professional experience and field of expertise.]

(2) The fixed remuneration is not bound by the achievement of certain results.

(3) [The amount of the fixed remuneration is in compliance with:

1. the main activity of the Company and the revenues from it, taking into account that as a holding within the meaning of Art. 277 and Art. 278 of the Commercial Act, the Company does not carry out its own production or commercial activity, but forms its revenue mainly from dividends and management fees from the subsidiaries managed by it;
2. the international element of the Company's development, aimed at sustainable development through the introducing of international business practices and attracting foreign investors for the purpose of better positioning of the Company's shares on the German capital market.]

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**Art. 15.** [(1) In view of the financial and economic situation of the Company, as well as considering the specific commitment of each of the members of the Board of Directors of the Company, until the adoption of a new decision by the General Meeting of Shareholders of the Company, **the following maximum permitted fixed remuneration is set:**

- **for an executive member of the Board of Directors**, the gross monthly remuneration may not exceed the amount of EUR 25 000 (BGN 58 895.75 лева);
- **for a non-executive member of the Board of Directors:**
  - the gross monthly remuneration may not exceed the amount of EUR 10 000 (BGN 19 558.3)
  - the fixed gross additional remuneration for participation in a regular meeting of the Board of Directors may not exceed the amount of EUR 2,000 per month (BGN 3,911.66)

The specific remuneration for each member of the Board of Directors shall be determined individually by the General Meeting of Shareholders within the limits set out in this Remuneration Policy]

(2) Thus as determined, the fixed remuneration represents a sufficiently large part of the total remuneration of each of the members of the Board of Directors, which allows the implementation of a flexible policy by the Company regarding the variable remuneration, including the possibility such not to be paid when the criteria is not met, as well as in case a significant deterioration in the financial condition of the company occurs.

**Art. 16.** The disclosure of information about the remuneration of the members of the Board of Directors is carried out in accordance with the regulatory requirements and good practices for corporate governance.

### **SECTION 3**

#### **PAYMENT OF VARIABLE REMUNERATION**

**Art. 17.** (1) The Company may pay to the executive members of the Board of Directors variable remuneration in shares or rights for shares in order to directly engage the management in achieving the long-term corporate goals. No payment of variable remuneration is provided to the non-executive board members.

(2) Everywhere in this Policy, (granting of) remuneration in shares should have the meaning of transfer of the right of ownership or the rights for subscription of shares in accordance with the specific way for their provision - transfer of own shares of the Company, purchase of shares (including redemption) or issuing new actions by capital increase.

**Art. 18.** The remunerations based on shares of the Company, the criteria for their granting and their amounts are determined on the basis of the Scheme for remuneration in shares approved by the General Meeting of Shareholders.

**Art. 19.** (1) The provision of the variable remuneration shall be carried out on the basis of objective and measurable criteria for the results achieved by the executive members of the Board of Directors,

which promote the stability of the Company in the long run and include both financial and non-financial indicators.

(2) The criteria related to financial indicators are selected in accordance with how they reflect the creation of value by the Company. Financial indicators may include, but are not limited to, some of the following criteria:

1. consolidated profit before taxes, interest and amortization (EBITDA);
2. consolidated sales profit;
3. consolidated revenues;
4. market capitalization of the Company;
5. others at the discretion of the Company

(3) The non-financial criteria shall be selected in accordance with the strategy of the Company for sustainable development and its long-term and short-term goals. Non-financial criteria may include, but are not limited to, some of the following criteria:

1. attracting strategic partners and clients,
2. achievement of strategic goals (including realization of strategic projects/transactions),
3. observance of certain rules and procedures by management;
4. stable and sustainable development of the Company and the Group in economic and social aspect;
5. length of service in the Company and the Group;
6. others at the discretion of the Company

(4) The assessment regarding the implementation of the financial indicators for the achieved results shall be performed annually by the General Meeting of Shareholders, as follows:

1. The indicators under Art. 19, para. 2, points 1-3 shall be assessed on the basis of an annual consolidated financial statement of the Company certified by a registered auditor;
2. The indicators under Art. 19, para. 2, point 4 shall be assessed on the basis of data on the capitalization of the Company at a certain moment or for a certain period, according to the statistics of the Bulgarian Stock Exchange.
3. For other criteria the General Meeting of the Shareholders determines the indicators and the methods for their assessment

(5) The assessment regarding the implementation of the non-financial indicators for the achieved results shall be performed annually by the General Meeting of Shareholders on the basis of the consolidated report on the activity of the Company and the supplements thereto, as well as on the base of other relevant information.

**Art. 20.** (1) The Board of Directors shall annually propose for approval by the General Meeting of Shareholders a Remuneration Scheme, which shall determine the amount of the remunerations and the criteria for their provision by indicating the specific indicators and their values.

(2) Annually the Board of Directors shall propose for voting by the General Meeting the provision to the executive board members of remuneration in shares for the past reporting period, according to the scheme for remuneration in shares approved by the General Meeting.

**Art. 21.** (1) The decision to grant the executive members of the Board of Directors remuneration in shares shall be taken by the General Meeting of Shareholders, and the approval shall have as a subject a specific scheme for remuneration in shares.

(2) In the decision for granting remuneration in shares or rights for shares the General Meeting of Shareholders shall determine:

1. full description of the scheme for granting remuneration on the basis of shares of the Company and the names of the persons, who will participate in it, as well as its implementation within the framework of the Remuneration policy;

2. the manner in which the Company will provide the shares, which it will provide to the executive members of the Board of Directors by explicitly indicating whether the company will buy them, whether it owns them, or will issue new shares;

3. review of the expenses of the company for the provision of remunerations on the basis of shares;

(3) In view of the financial condition of the Company or when there are objective obstacles to the provision of variable remuneration in shares, at any time until the date of transfer of ownership of shares, respectively until the date of granting the rights, the General Meeting may decide for granting the remuneration in shares by paying their weighted-average market price as of the date of the decision by the General Meeting of the Shareholders for granting the remuneration.

**Art. 22.** (1) The provision of remuneration in shares shall be carried out by transfer of the ownership over the shares or by granting of rights for subscription of shares. The transfer of ownership of the shares or the granting of rights for subscription shares to the members of the Board of Directors shall take place, at the earliest, three years after the date on which the decision of the General Meeting of Shareholders to provide the remuneration was taken.

(2) All expenses for acquisition of the shares by the executive members of the Board of Directors, including all expenses (acquisition price, fees and commissions) in connection with the exercise of rights for subscription of shares shall be at Company's expense.

(3) When the provision of the remuneration in shares is carried out by granting rights for shares, the General Meeting of Shareholders may determine their subscription at a price lower than the market price of the shares as of the date of its determination, but not lower than the nominal value of the shares subject to subscription.

**Art. 23.** (1) Insofar as the variable remunerations in shares represent remunerations for achieved result on an annual basis, the current Remuneration policy does not provide the possibility to reclaim

or adjust remuneration in shares, which was already provided with a Decision of the General Meeting of Shareholders, except in case of indisputably established defaults of the criteria for their provision (on the basis of data which subsequently proved to be manifestly misstated) for the period for which they were provided. The decision for the return of the variable remuneration is taken by the General Meeting of the Shareholders, which determines the terms and conditions for return, if they are not specified in the contract.

(2) Termination of the contract with an executive member of the Board of Directors due to expiration and non-renewal of the term of office, dismissal on the grounds of personal request of the respective person or by decision of the General Meeting of Shareholders (regardless of the grounds, except in the cases specified above), retirement, general and permanent incapacity for work, death, transfer of business in the ordinary course of action or for any other reason at the discretion of the General Meeting of Shareholders, the approved by the General Meeting of the Shareholders variable remuneration shall be granted on specified dates, under the terms and conditions as determined in this Remuneration Policy and in the Decisions of the General Meeting of Shareholders.

### **III. CONTRACTS WITH THE MEMBERS OF THE BOARD OF DIRECTORS**

**Art. 24.** The remunerations and the relations between the Company and the members of the Board of Directors, including the executive directors shall be governed by a contract for assignment of management or employment contract, which shall be concluded in writing on behalf of the Company by the Company's representative or by a person authorized by the General meeting of shareholders.

**Art. 25.** (1) The members of the Boards shall be obliged within 7 days from their election to submit a management guarantee, the amount of which shall be determined by the General Meeting of Shareholders and may not be less than their 3-month remuneration. Where the General meeting has not determined the amount of the management guarantee, its amount shall be deemed to be equal to the gross remuneration of the Member for the quarter.

(2) In case of extension of the term of office of the respective member of the Board of Directors for a new period, the guarantee shall not be released, but shall remain deposited in favor of the Company for the period of the new term.

(3) In case of change of the amount of the remuneration the guarantee shall be updated.

### **IV. CONDITIONS AND TERMINATION PAYMENT IN CASE OF TERMINATION OF THE CONTRACT WITH A MEMBER OF THE BOARD OF DIRECTORS**

**Art. 26.** Upon termination of the contract with a member of the Board of Directors of the Company, who represents the Company according to an entry in the Commercial Register at the Registry Agency, due to expiration and non-renewal of the term for which he was elected, the Company shall not be obliged to pay a termination payment.

**Art. 27.** [The maximum amount of the termination payment due by the Company, other than the termination payments determined by law (when applicable) in case of early termination of the contract with a member of the Board of Directors, may not exceed the total amount of the monthly remuneration due for the remainder of the period of the contract, but does not exceed 24 months. The specific amount of the termination payment shall be agreed in the contract or in an addition agreement between the parties and may not exceed the amount specified in this Policy.]

**Art. 28.** [In case of non-compliance with the notice period by the Company in the event of early termination of the contract with a Member of the Board of directors, the due termination payment may not exceed the outstanding monthly remunerations for the unobserved time limit of the notice and 9 monthly remuneration, but no more than 12 monthly salaries in total. The [specific] amount of the [compensation for termination] shall be agreed in the contract or in an agreement between the parties and may not exceed the amount specified in this Policy.]

**Art. 29.** The total amount of the termination payments under [Art. 27 and Art. 28] shall not exceed the amount of the paid annual fixed remunerations to the person for 2 years.

**Art. 30.** The termination payment under [Art. 27 and Art. 28] shall not be due in case the termination of the contract is due to unsatisfactory performance and / or default on part of the respective Director.

## V. FINAL PROVISIONS

**Paragraph §1.** The remuneration Policy of the members of the Board of Directors of Allterco JSCo shall enter into force on the date of its adoption by the General Meeting of Shareholders of the Company.

**Paragraph §2.** Amendments and supplements to the Remuneration Policy of the members of the Board of Directors of Allterco JSCo are made in the order of their adoption.

**Paragraph §3.** In the event of changes in the legislation that repeal or amend the provisions of this Remuneration Policy, the Board of Directors shall decide to amend or supplement the Policy. Until such a decision is made, the relevant provisions shall be interpreted in accordance with the laws of Republic of Bulgaria, the Company's Articles of Association and with the generally accepted principles and good practices of corporate governance.

**Paragraph § 4** This Policy was adopted by Decision of the General Meeting of Shareholders of the Company, taken on 28.06.2021. This policy shall enter into force and shall apply as of the date on which a Decision of the General Meeting of Shareholders was taken- 28.06.2021. [This policy shall enter into force and shall apply as of the date on which a Decision of the General Meeting of Shareholders was taken- 08.04.2022.]

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**Paragraph § 5** This policy repeals the Remuneration Policy, adopted by a Decision of the General Meeting of Shareholders taken on 27.06.2017 and amended by a Decision of the General Meeting of Shareholders taken on 21.09.2020.

On behalf of Allterco JSCo:

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signature of the Company's representative

### **Addendum 1**

#### **To the Remuneration Policy of the Members of the Board of Directors of Allterco JSCo**

Amendments to

The Remuneration Policy of the members of the Board of Directors of Allterco JSCo

from 28.06.2021

<b>Date of last amendment/supplement, according to a decision protocol of the General meeting of shareholders</b>	<b>description and explanation of significant changes</b>	<b>results of the votes of the General meeting</b>	<b>Shareholders' opinions</b>