

REPORT
ON THE IMPLEMENTATION OF THE POLICY ON THE REMUNERATION OF THE
MEMBERS OF THE SUPERVISORY BOARD, THE MANAGEMENT BOARD AND THE
AUDIT COMMITTEE
OF KORADO - BULGARIA AD FOR THE YEAR 2021

1. INTRODUCTION

1.1. Legal Grounds of the Report

During the period January 1, 2021 - December 31, 2021 (hereinafter referred to as the "Reporting Period"), Korado-Bulgaria AD (hereinafter referred to as the "Company") applied the Remuneration Policy of the members of the Supervisory Board, the Management Board Board and the Audit Committee of the Company, approved in its current version by the General Meeting of the Company (hereinafter referred to as the "General Meeting"), held on May 13, 2015, a new version adopted by decision of the General Meeting of the Company, held on 19 05. 2021 and respectively partially amended by a decision of the General Meeting of the Company, held on 15. 09. 2021 and published on the Internet at the following address: www.korado.bg (hereinafter "the Policy").

This present report was prepared by the Management Board of the Company (hereinafter referred to as the "MB") in execution of the requirement of Art. 12, Par. 1 of Ordinance No. 48 of 20 March 2013 on the Requirements to Remuneration issued by the Financial Supervision Commission (hereinafter referred to as "Ordinance No. 48"). The Report constitutes a separate document appended to the Annual Financial Statements of the Company for the year 2021. The Report is presented to the attention of the shareholders of the Company and could be discussed on with the members of the MB at the regular annual session of the General Meeting of the Shareholders of the Company.

1.2. Subject-Matter and Scope of the Report

In accordance with Art. 12, Par. 2 of Ordinance 48, the Report consists of:

- (a). review of the manner of implementation of the Policy during the Reported Period; and
- (b). programme on the implementation of the Policy during the period 1 January 2022 – 31 December 2022.

Furthermore, the Report also contains all of the mandatory requisites pursuant to Art. 13 of Ordinance No. 48.

Given the repeal of the existing policy by a decision of the General Meeting of Shareholders held on May 19, 2021 and its amendment by a decision of the General Meeting of Shareholders held on September 15, 2021 and both amendments during the reporting period, the Report contains the necessary information on adopted amendments.

2. INFORMATION ABOUT THE IMPLEMENTATION OF THE POLICY DURING THE REPORTED PERIOD

2.1. Information about the process of adopting resolutions upon the determination of the Policy

In accordance with Art. 116B, Par. 1 of the LPOS, the Articles of Association of the Company and the Policy, the determination of the amount of the remuneration of the members of the MB, the members of the Supervisory Board of the Company (hereinafter referred to as the "SB") and of the members of the Audit Committee of the Company (referred to hereinafter as the "AC"), their right to receive a

portion of the profit, as well as their right to acquire shares or debt instruments of the Company, are within the competence of the General Meeting.

Pursuant to the Policy, the remuneration of the members of the MB, SB and AC is determined by a resolution of the General Meeting. The Policy does not envisage the creation of a permanent Remuneration Committee of the Company as an optional body.

Acting in execution of that competence, the General Meeting did:

- determined the amount of the remuneration of the members of the Management Board, the Supervisory Board and the Audit Committee with decisions on the agenda of the regular annual General Meetings held on May 19, 2021 and September 15, 2021.
- determines the amount of the remuneration of the members of the Management Board, the Supervisory Board and the Audit Committee which is based on the adopted decision under item 12 of the agenda of the regular annual meeting of the General Meeting held on 19 May 2021
- in compliance with the rules contained in the new Policy:
- 1. remuneration is determined for all members of the Management Board, the Supervisory Board and the Audit Committee, which is in accordance with the current in the respective body.
- 2. the respective remuneration of the employees of the holding is also determined
- 3. the remuneration determined for employees under an employment contract may be different from that for those not working in the holding

2.2. Information about the relative weight of the variable and the fixed remuneration of the members of the MB and the SB

Pursuant to item 6.2 of the Policy, the remuneration of the members of the MB, SB and AC consists of a fixed component only (i.e. no variable component was determined for any of those members).

According to the adopted Policy, remuneration for their activities in this capacity can be received by all members of the Management Board, the Supervisory Board and the Audit Committee.

During the Reported Period:

- to each of the entitled members of the MB, SB and AC was paid permanent remuneration containing only a fixed component, which represented 100% (one hundred percent) of the remuneration accordingly accrued by the Company for their activity as such members during the Reported Period; and
- none of the bodies of the Company resolved on the payment of additional remuneration, tantiemes, tangible incentives, in-kind remuneration or payments or fringe benefits to the members of MB, SB and AC.

2.3. Information about the assessment criteria, on the basis of which variable remuneration could be accrued; substantiation of how these criteria benefit to the long-term interests of the Company; explanation of the methods adopted for the assessment of the achieved results and of the relevance between the remuneration and the achieved results, as well as regarding the periods of deferral of the payment of variable remuneration

During the Reported Period, no variable remuneration was accrued or paid to any of the members of the MB, SB and AC. Respectively, no assessment criteria of the achieved results, on the basis of which such remuneration could be paid, were elaborated. Neither were applied methods of assessment of meeting such criteria and relevance between the achieved results and such remuneration.

During the Reported Period, none of the payments of remuneration of the members of the MB, SB and AC whether in whole or in any portion, was deferred. These remunerations were paid, as permanent remunerations *per se*, in their full amounts and by the deadline provided for in the individual agreements between the respective member of the MB, SB or AC and the Company.

2.4. Information about the main payments and substantiation of the annual bonus payment schedule and/or of all additional in-kind remuneration

During the Reported Period, the total amount of the basic remuneration accrued and paid by the Company is:

- the members of the Supervisory Board who are remunerated on the basis of the Policy and under the conditions of Article 5, paragraph 3 of it are paid remuneration in the amount of EUR 1000 (one thousand euros) and 400 EUR / for employees of the group "KORADO - decision of GMS from 15. 09. 2021 / per month;
- the members of the Management Board to whom remuneration is due on the basis of the Policy and under the conditions of Article 5, paragraph 3 of it, are remunerated in the amount of EUR 400 per month. / for the employees in the KORADO group - decision of the GMS from 15. 09. 2021 /;
- the members of the AC to whom remuneration is due on the basis of the Policy and under the conditions of Article 5, paragraph 3 of it are remunerated in the amount of EUR 500 (five hundred euros) and 400 EUR / for employees of the group "KORADO - decision of GMS from 15. 09. 2021 / per month;

In each accrual or payment of remuneration to the members of the Supervisory Board, the Management Board and the Supervisory Board, the Company has withheld and paid into the respective budgets within the statutory period each and all public obligations (including but not limited to: tax, state social security contributions, additional mandatory insurance and health insurance) in the manner in which these obligations are established by law.

For the Reported Period:

During the Reported Period

- no other tangible incentives were accrued or due by the Company to any of the members of the MB, SB and AC; and
- the Company did not adopt or implement any annual scheme for the payment of bonuses and/or other in-kind remuneration to members of the MB, SB and AC.

2.5. Description of the main characteristics of any adopted additional voluntary pension insurance scheme and information about the paid and/or due by the Company contributions on behalf of the members of the MB, SB and AC

For the Reported Period, the Company did not adopt or realize any additional voluntary pension insurance scheme on behalf of the members of the MB, SB and AC and no contributions in relation to such scheme were either paid or due by the Company.

2.6. Information about the policy on compensations for premature termination of contracts

The rules, which govern the compensations to the members of the MB, SB and AC in the event of premature termination of their contracts, are set forth in item 10 of the Policy. The Company brings the individual contracts of each of the members of the MB, SB and the AC into full alignment with these rules.

In the Reported Period there has been no termination of the Management Services Contract with any member of the MB of the Company.

In the Reported Period there has been no termination of the Contract for Supervisory Services with any member of the SB of the Company.

The termination of the supervisory powers with Frantisek Hamacek and Josef Laska, although accepted during the reporting period / GMS from 15.09.2021 / occurs with effect from 01. 01. 2022. No compensations for premature termination were accrued or paid.

In the Reporting Period there has been no termination of the control contract with any member of the AC of the Company.

The termination of the control contract with František Hamáček / GMS of 15 September 2021 and the election of Martin Preisler in his place also took effect on 1 January 2022.

2.7. Information about the non-transferability period of shares or of the vesting period of options whenever shares are provided as variable remuneration and information about the period of retaining of a definite number of shares up to the end of the mandate of the MB, SB and AC members

For the Reported Period was not due or paid any variable remuneration based on shares or options on shares. Respectively, in the Company were not adopted any terms and conditions for the restriction of the transfer of such shares or options on shares or for the retention of a specific number of shares up until the expiry of the mandate of the members of the MB, SB and AC.

2.8. Information about the contracts of the MB, SB and AC members of the Company

During the Reported Period, members of the MB were:

- Jiří Řezníček (during the whole Reported Period);
- Sylvia Drumeva Stefanova (during the whole Reported Period); and
- Jana Havlová (during the whole Reported Period).

The mandate of all members of the MB is 5 years. It was determined by a resolution of the SB taken *in absentio* starting from 15 August 2017 and expiring on 15 August 2022.

The duration of the contracts of the members of the MB in the Reported Period and the advance notice period in the event of premature termination of the contracts by the Company are, as follows:

Member of the MB	Duration of the Contract	Advance Notice Period in the Event of Premature Termination by the Company
Jiří Řezníček	until the expiry of the 5-year mandate	as per the requirements of the law
Sylvia Drumeva Stefanova	until the expiry of the 5-year mandate	as per the requirements of the law
Jana Havlová	until the expiry of the 5-year mandate	as per the requirements of the law

During the Reported Period, members of the SB were:

- Tomas Kollert (during the whole Reported Period);
- František Hamáček (during the whole Reported Period);
- Josef Láška (during the whole Reported Period);
- Eva Voborová (during the whole Reported Period);
- Ivan Lyaskov (during the whole Reported Period); and
- Evelina Miltenova Velikova (during the whole Reported Period);

The mandate of all members of the SB is 5 years. It was determined by a resolution of the General Meeting held on 23 May 2018 and expires on 13 June 2023.

During the period with a decision of the General Meeting of the Company the supervisory powers were terminated, respectively the contracts for assignment of supervisory powers with the members of the Supervisory Board - Frantisek Hamacek and Josef Laska.

According to the adopted decision, it enters into force on 01.01.2022, ie after that date and at the present time their mandate has been terminated ahead of schedule at their request.

The duration of the contracts of the members of the SB in the Reported Period and the advance notice period in the event of premature termination of the contracts by the Company are, as follows:

Members of the SB	Duration of the Contract	Advance Notice Period in the Event of Premature Termination by the Company
Tomas Kollert	until the expiry of the 5-year mandate	as per the requirements of the law
František Hamáček	until 01. 01. 2022 - expired	as per the requirements of the law
Josef Láška	until 01. 01. 2022 - expired	as per the requirements of the law
Eva Voborová	until the expiry of the 5-year mandate	as per the requirements of the law
Ivan Lyaskov	until the expiry of the 5-year mandate	as per the requirements of the law
Evelina Miltenova Velikova	until the expiry of the 5-year mandate	as per the requirements of the law

In the Reported Period members of the AC were:

- František Hamáček (throughout the Reporting Period); - by decision of the GMS replaced by Martin Preisler, as of 01. 01. 2022
- Milena Toneva Raykova (during the whole Reported Period); and
- Snezhanka Kaloyanova (during the whole Reported Period).

The term of office of all members of the AC is 3 years, determined by a decision of the General Assembly held on 19.05.2021 and expiring on 19.05.2024.

Pursuant to item 10, Par. 1 of the Policy, compensation for a premature termination of the contracts for management or supervisory services in the Company shall not be due.

Pursuant to item 10, Par. 2 of the Policy the total of all compensations in the event of premature termination, including compensation for non-compete following such termination of the respective contract (inasmuch as such would become due) does not exceed the total of the respective fixed remuneration for the last 2 years ending on the date of termination.

2.9. Information about the remuneration of each person, who has been a member of the MB, SB and AC of the Company for a specific period within the respective financial year

2.9.1. Remunerations from the Company

The total amount of the remuneration accrued and/or paid by the Company to the persons, who were members of the MB, SB and AC in the Reported Period is indicated in item 2.4 of the Report.

2.9.2. Other payments by the Company for services provided by the members of the MB, SB and AC beyond the scope of their usual functions

In the Reported Period, the Company accrued and made payments for services beyond the scope of the ordinary functions of those members only to the member of the SB Ivan Lyaskov. That is namely remuneration for services provided by him as a lawyer under a separate agreement for legal services. The remuneration is determined on market terms and is at the expense of the Company and not relating to the functions of Mr. Lyaskov as a member of the SB.

2.9.3. Remunerations and other payments to the members of the MB, SB and AC by other persons / legal entities belonging to the same group as the Company

In the Reported Period, to the members of the MB, SB and AC were not made payments by other persons / legal entities belonging to the same group as the Company, except for the following:

- (a). remuneration paid by Korado, a.s. to the member of the SB František Hamáček under a Management Agreement in the capacity of Mr. Hamáček as a member of the Board of Directors of Korado, a.s. Czech Republic; and

The remunerations are determined on market terms and are not at the expense of the Company or relating to the functions of Mr. Hamáček as member of the SB.

2.9.4. Paid and/or accrued compensations in the event of termination of the functions of members of the MB, SB and AC

In the Reported Period, no compensation in the event of termination of functions was either accrued or paid to any of the members of the MB, SB and AC.

All terminated contracts are voluntary and no compensation is due

2.9.5. Overall estimation of all in-kind benefits, equal to remuneration, granted to the members of the MB, SB and AC

In the Reported Period, no in-kind benefit, equal to remuneration, was either accrued, paid or granted in any way whatsoever to any of the members of the MB, SB and AC.

2.9.6. Information about all the loans and the social benefits granted and the warranties made by the Company or by subsidiary companies which were a subject to consolidation into its annual financial statements, including data of the yet unpaid instalments and the interests due thereto

For the Reported Period, the members of the MB, SB and AC did not receive any loans, payments as social benefits or grant of warranty by the Company, a subsidiary of the Company or any other company, which is subject to consolidation into the Annual Financial Statements of the Company.

2.9.7. Shares and/or options on shares and/or other incentive schemes based on shares to the members of the MB, SB and AC

In the Reported Period was not accrued, paid or granted any remuneration or payment based on shares or options on shares to any of the members of the MB, SB and AC. Neither did incentive schemes based on shares, regarding the members of the MB, SB and AC, function in the Company.

3. Annual change in the remuneration, the results of the company and the average amount of remuneration on the basis of full-time employees of the company, who are not directors, during the previous at least five financial years, presented together in a way that allows comparison;

For the Reporting Period of the members of the Management Board and the Supervisory Board, respectively employees of the KORADO Group, the payment of remuneration has started on the basis of a decision of the General Meeting of Shareholders dated 15.09.2021.

This change affected only the relevant employees of the group, and for the rest unchanged.

The results of the company's activity in the previous five financial years are the following:
/ In thousands BGN /

2017 - profit 4 778
2018 - profit 5 254
2019 - profit 4,262
2020 - profit 4,591
2021 - profit 4,759

The average remuneration based on full-time employees of the company who are not directors in the previous at least five financial years are as follows:

2017 - BGN 1,290
2018 - BGN 1,360
2019 - BGN 1,530
2020 - BGN 1,580
2021 - BGN 1,870

4. Information on the exercise of the possibility to demand a refund of the variable remuneration;

As stated above, during the reporting period variable remuneration was not paid and there is no objective possibility for its return.

5. Information on all deviations from the procedure for the implementation of the remuneration policy in connection with extraordinary circumstances under Art. 11, para. 13, including an explanation of the nature of the exceptional circumstances and an indication of the specific components that have not been applied.

So far, no procedure has been discussed and a procedure for deviation from the application of the adopted Remuneration Policy has been discussed in connection with and / or on the basis of extraordinary circumstances, as well as the definition of such circumstances.

6. PROGRAMME ON THE IMPLEMENTATION OF THE POLICY THROUGH THE FINANCIAL YEAR 1 JANUARY 2022 – 31 DECEMBER 2022

For the period January 1, 2022 - December 31, 2022, the Company intends to adhere to the current Remuneration Policy of the members of the Management Board, the Supervisory Board and the Board of Directors. These remunerations would be determined as fixed, unless the General Meeting adopts a resolution on the introduction of a variable component of such remuneration, in compliance with the relevant requirements to the introduction of assessment criteria for the achieved results and the deferral of the payment of a specific portion of such variable remuneration.

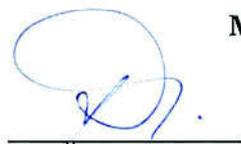
In the event that in the period 1 January 2022 – 31 December 2022 the General Meeting adopts a resolution on granting to the MB, SB or AC members any remuneration based on shares or on any other way of granting tangible or in-tangible incentives, the accrual and the payment of such remuneration will be performed only following the adoption of scheme on granting of remuneration based on shares, as proposed to and approved by the General Meeting and/or in accordance with adopted rules on determination of a bonus scheme.

In the event that in the period 1 January 2022 – 31 December 2022 any amendments or supplementations to the legislation occur, which require any respective amendment or supplementation to the contracts on the assignment of management or supervisory services, as already concluded, such amendments will be accomplished and realised on the basis of negotiations with the respective members of the MB, SB and AC in accordance with the adopted Policy, the Articles of Association of the Company and the applicable legislation.

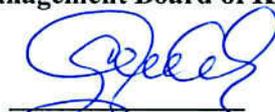
In view of the changes in the legislation during the reporting period, a new Remuneration Policy is to be adopted and approved by the forthcoming GMS, which will accordingly take into account and include all changes that have occurred.

This report on the implementation of the Remuneration Policy of the members of the Supervisory and Management Boards of Korado-Bulgaria AD in 2021 was adopted at a meeting of the Management Board of the company, held in 23 February 2022.

Members of the Management Board of Korado-Bulgaria AD:



Jiří Rezníček



Sylvia Stefanova



Jana Havlová

REPORT
ON THE IMPLEMENTATION OF THE POLICY ON THE REMUNERATION OF THE
MEMBERS OF THE SUPERVISORY BOARD, THE MANAGEMENT BOARD AND THE
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OF KORADO - BULGARIA AD FOR THE YEAR 2021

1. INTRODUCTION

1.1. Legal Grounds of the Report

During the period January 1, 2021 - December 31, 2021 (hereinafter referred to as the "Reporting Period"), Korado-Bulgaria AD (hereinafter referred to as the "Company") applied the Remuneration Policy of the members of the Supervisory Board, the Management Board Board and the Audit Committee of the Company, approved in its current version by the General Meeting of the Company (hereinafter referred to as the "General Meeting"), held on May 13, 2015, a new version adopted by decision of the General Meeting of the Company, held on 19 05. 2021 and respectively partially amended by a decision of the General Meeting of the Company, held on 15. 09. 2021 and published on the Internet at the following address: www.korado.bg (hereinafter "the Policy").

This present report was prepared by the Management Board of the Company (hereinafter referred to as the "MB") in execution of the requirement of Art. 12, Par. 1 of Ordinance No. 48 of 20 March 2013 on the Requirements to Remuneration issued by the Financial Supervision Commission (hereinafter referred to as "Ordinance No. 48"). The Report constitutes a separate document appended to the Annual Financial Statements of the Company for the year 2021. The Report is presented to the attention of the shareholders of the Company and could be discussed on with the members of the MB at the regular annual session of the General Meeting of the Shareholders of the Company.

1.2. Subject-Matter and Scope of the Report

In accordance with Art. 12, Par. 2 of Ordinance 48, the Report consists of:

- (a). review of the manner of implementation of the Policy during the Reported Period; and
- (b). programme on the implementation of the Policy during the period 1 January 2022 – 31 December 2022.

Furthermore, the Report also contains all of the mandatory requisites pursuant to Art. 13 of Ordinance No. 48.

Given the repeal of the existing policy by a decision of the General Meeting of Shareholders held on May 19, 2021 and its amendment by a decision of the General Meeting of Shareholders held on September 15, 2021 and both amendments during the reporting period, the Report contains the necessary information on adopted amendments.

2. INFORMATION ABOUT THE IMPLEMENTATION OF THE POLICY DURING THE REPORTED PERIOD

2.1. Information about the process of adopting resolutions upon the determination of the Policy

In accordance with Art. 116b, Par. 1 of the LPOS, the Articles of Association of the Company and the Policy, the determination of the amount of the remuneration of the members of the MB, the members of the Supervisory Board of the Company (hereinafter referred to as the "SB") and of the members of the Audit Committee of the Company (referred to hereinafter as the "AC"), their right to receive a

portion of the profit, as well as their right to acquire shares or debt instruments of the Company, are within the competence of the General Meeting.

Pursuant to the Policy, the remuneration of the members of the MB, SB and AC is determined by a resolution of the General Meeting. The Policy does not envisage the creation of a permanent Remuneration Committee of the Company as an optional body.

Acting in execution of that competence, the General Meeting did:

- determined the amount of the remuneration of the members of the Management Board, the Supervisory Board and the Audit Committee with decisions on the agenda of the regular annual General Meetings held on May 19, 2021 and September 15, 2021.
- determines the amount of the remuneration of the members of the Management Board, the Supervisory Board and the Audit Committee which is based on the adopted decision under item 12 of the agenda of the regular annual meeting of the General Meeting held on 19 May 2021
- in compliance with the rules contained in the new Policy:
- 1. remuneration is determined for all members of the Management Board, the Supervisory Board and the Audit Committee, which is in accordance with the current in the respective body.
- 2. the respective remuneration of the employees of the holding is also determined
- 3. the remuneration determined for employees under an employment contract may be different from that for those not working in the holding

2.2. Information about the relative weight of the variable and the fixed remuneration of the members of the MB and the SB

Pursuant to item 6.2 of the Policy, the remuneration of the members of the MB, SB and AC consists of a fixed component only (i.e. no variable component was determined for any of those members).

According to the adopted Policy, remuneration for their activities in this capacity can be received by all members of the Management Board, the Supervisory Board and the Audit Committee.

During the Reported Period:

- to each of the entitled members of the MB, SB and AC was paid permanent remuneration containing only a fixed component, which represented 100% (one hundred percent) of the remuneration accordingly accrued by the Company for their activity as such members during the Reported Period; and
- none of the bodies of the Company resolved on the payment of additional remuneration, tantiemes, tangible incentives, in-kind remuneration or payments or fringe benefits to the members of MB, SB and AC.

2.3. Information about the assessment criteria, on the basis of which variable remuneration could be accrued; substantiation of how these criteria benefit to the long-term interests of the Company; explanation of the methods adopted for the assessment of the achieved results and of the relevance between the remuneration and the achieved results, as well as regarding the periods of deferral of the payment of variable remuneration

During the Reported Period, no variable remuneration was accrued or paid to any of the members of the MB, SB and AC. Respectively, no assessment criteria of the achieved results, on the basis of which such remuneration could be paid, were elaborated. Neither were applied methods of assessment of meeting such criteria and relevance between the achieved results and such remuneration.

During the Reported Period, none of the payments of remuneration of the members of the MB, SB and AC whether in whole or in any portion, was deferred. These remunerations were paid, as permanent remunerations *per se*, in their full amounts and by the deadline provided for in the individual agreements between the respective member of the MB, SB or AC and the Company.

2.4. Information about the main payments and substantiation of the annual bonus payment schedule and/or of all additional in-kind remuneration

During the Reported Period, the total amount of the basic remuneration accrued and paid by the Company is:

- the members of the Supervisory Board who are remunerated on the basis of the Policy and under the conditions of Article 5, paragraph 3 of it are paid remuneration in the amount of EUR 1000 (one thousand euros) and 400 EUR / for employees of the group "KORADO - decision of GMS from 15. 09. 2021 / per month;
- the members of the Management Board to whom remuneration is due on the basis of the Policy and under the conditions of Article 5, paragraph 3 of it, are remunerated in the amount of EUR 400 per month. / for the employees in the KORADO group - decision of the GMS from 15. 09. 2021 /;
- the members of the AC to whom remuneration is due on the basis of the Policy and under the conditions of Article 5, paragraph 3 of it are remunerated in the amount of EUR 500 (five hundred euros) and 400 EUR / for employees of the group "KORADO - decision of GMS from 15. 09. 2021 / per month;

In each accrual or payment of remuneration to the members of the Supervisory Board, the Management Board and the Supervisory Board, the Company has withheld and paid into the respective budgets within the statutory period each and all public obligations (including but not limited to: tax, state social security contributions, additional mandatory insurance and health insurance) in the manner in which these obligations are established by law.

For the Reported Period:

During the Reported Period

- no other tangible incentives were accrued or due by the Company to any of the members of the MB, SB and AC; and
- the Company did not adopt or implement any annual scheme for the payment of bonuses and/or other in-kind remuneration to members of the MB, SB and AC.

2.5. Description of the main characteristics of any adopted additional voluntary pension insurance scheme and information about the paid and/or due by the Company contributions on behalf of the members of the MB, SB and AC

For the Reported Period, the Company did not adopt or realize any additional voluntary pension insurance scheme on behalf of the members of the MB, SB and AC and no contributions in relation to such scheme were either paid or due by the Company.

2.6. Information about the policy on compensations for premature termination of contracts

The rules, which govern the compensations to the members of the MB, SB and AC in the event of premature termination of their contracts, are set forth in item 10 of the Policy. The Company brings the individual contracts of each of the members of the MB, SB and the AC into full alignment with these rules.

In the Reported Period there has been no termination of the Management Services Contract with any member of the MB of the Company.

In the Reported Period there has been no termination of the Contract for Supervisory Services with any member of the SB of the Company.

The termination of the supervisory powers with Frantisek Hamacek and Josef Laska, although accepted during the reporting period / GMS from 15.09.2021 / occurs with effect from 01. 01. 2022
No compensations for premature termination were accrued or paid.

In the Reporting Period there has been no termination of the control contract with any member of the AC of the Company.

The termination of the control contract with František Hamáček / GMS of 15 September 2021 and the election of Martin Preisler in his place also took effect on 1 January 2022.

2.7. Information about the non-transferability period of shares or of the vesting period of options whenever shares are provided as variable remuneration and information about the period of retaining of a definite number of shares up to the end of the mandate of the MB, SB and AC members

For the Reported Period was not due or paid any variable remuneration based on shares or options on shares. Respectively, in the Company were not adopted any terms and conditions for the restriction of the transfer of such shares or options on shares or for the retention of a specific number of shares up until the expiry of the mandate of the members of the MB, SB and AC.

2.8. Information about the contracts of the MB, SB and AC members of the Company

During the Reported Period, members of the MB were:

- Jiří Řezníček (during the whole Reported Period);
- Sylvia Drumeva Stefanova (during the whole Reported Period); and
- Jana Havlová (during the whole Reported Period).

The mandate of all members of the MB is 5 years. It was determined by a resolution of the SB taken *in absentio* starting from 15 August 2017 and expiring on 15 August 2022.

The duration of the contracts of the members of the MB in the Reported Period and the advance notice period in the event of premature termination of the contracts by the Company are, as follows:

Member of the MB	Duration of the Contract	Advance Notice Period in the Event of Premature Termination by the Company
Jiří Řezníček	until the expiry of the 5-year mandate	as per the requirements of the law
Sylvia Drumeva Stefanova	until the expiry of the 5-year mandate	as per the requirements of the law
Jana Havlová	until the expiry of the 5-year mandate	as per the requirements of the law

During the Reported Period, members of the SB were:

- Tomas Kollert (during the whole Reported Period);
- František Hamáček (during the whole Reported Period);
- Josef Láška (during the whole Reported Period);
- Eva Voborová (during the whole Reported Period);
- Ivan Lyaskov (during the whole Reported Period); and
- Evelina Miltenova Velikova (during the whole Reported Period);

The mandate of all members of the SB is 5 years. It was determined by a resolution of the General Meeting held on 23 May 2018 and expires on 13 June 2023.

During the period with a decision of the General Meeting of the Company the supervisory powers were terminated, respectively the contracts for assignment of supervisory powers with the members of the Supervisory Board - Frantisek Hamacek and Josef Laska.

According to the adopted decision, it enters into force on 01.01.2022, ie after that date and at the present time their mandate has been terminated ahead of schedule at their request.

The duration of the contracts of the members of the SB in the Reported Period and the advance notice period in the event of premature termination of the contracts by the Company are, as follows:

Members of the SB	Duration of the Contract	Advance Notice Period in the Event of Premature Termination by the Company
Tomas Kollert	until the expiry of the 5-year mandate	as per the requirements of the law
František Hamáček	until 01. 01. 2022 - expired	as per the requirements of the law
Josef Láška	until 01. 01. 2022 - expired	as per the requirements of the law
Eva Voborová	until the expiry of the 5-year mandate	as per the requirements of the law
Ivan Lyaskov	until the expiry of the 5-year mandate	as per the requirements of the law
Evelina Miltenova Velikova	until the expiry of the 5-year mandate	as per the requirements of the law

In the Reported Period members of the AC were:

- František Hamáček (throughout the Reporting Period); - by decision of the GMS replaced by Martin Preisler, as of 01. 01. 2022
- Milena Toneva Raykova (during the whole Reported Period); and
- Snezhanka Kaloyanova (during the whole Reported Period).

The term of office of all members of the AC is 3 years, determined by a decision of the General Assembly held on 19.05.2021 and expiring on 19.05.2024.

Pursuant to item 10, Par. 1 of the Policy, compensation for a premature termination of the contracts for management or supervisory services in the Company shall not be due.

Pursuant to item 10, Par. 2 of the Policy the total of all compensations in the event of premature termination, including compensation for non-compete following such termination of the respective contract (inasmuch as such would become due) does not exceed the total of the respective fixed remuneration for the last 2 years ending on the date of termination.

2.9. Information about the remuneration of each person, who has been a member of the MB, SB and AC of the Company for a specific period within the respective financial year

2.9.1. Remunerations from the Company

The total amount of the remuneration accrued and/or paid by the Company to the persons, who were members of the MB, SB and AC in the Reported Period is indicated in item 2.4 of the Report.

2.9.2. Other payments by the Company for services provided by the members of the MB, SB and AC beyond the scope of their usual functions

In the Reported Period, the Company accrued and made payments for services beyond the scope of the ordinary functions of those members only to the member of the SB Ivan Lyaskov. That is namely remuneration for services provided by him as a lawyer under a separate agreement for legal services. The remuneration is determined on market terms and is at the expense of the Company and not relating to the functions of Mr. Lyaskov as a member of the SB.

2.9.3. Remunerations and other payments to the members of the MB, SB and AC by other persons / legal entities belonging to the same group as the Company

In the Reported Period, to the members of the MB, SB and AC were not made payments by other persons / legal entities belonging to the same group as the Company, except for the following:

- remuneration paid by Korado, a.s. to the member of the SB František Hamáček under a Management Agreement in the capacity of Mr. Hamáček as a member of the Board of Directors of Korado, a.s. Czech Republic; and

The remunerations are determined on market terms and are not at the expense of the Company or relating to the functions of Mr. Hamáček as member of the SB.

2.9.4. Paid and/or accrued compensations in the event of termination of the functions of members of the MB, SB and AC

In the Reported Period, no compensation in the event of termination of functions was either accrued or paid to any of the members of the MB, SB and AC.

All terminated contracts are voluntary and no compensation is due

2.9.5. Overall estimation of all in-kind benefits, equal to remuneration, granted to the members of the MB, SB and AC

In the Reported Period, no in-kind benefit, equal to remuneration, was either accrued, paid or granted in any way whatsoever to any of the members of the MB, SB and AC.

2.9.6. Information about all the loans and the social benefits granted and the warranties made by the Company or by subsidiary companies which were a subject to consolidation into its annual financial statements, including data of the yet unpaid instalments and the interests due thereto

For the Reported Period, the members of the MB, SB and AC did not receive any loans, payments as social benefits or grant of warranty by the Company, a subsidiary of the Company or any other company, which is subject to consolidation into the Annual Financial Statements of the Company.

2.9.7. Shares and/or options on shares and/or other incentive schemes based on shares to the members of the MB, SB and AC

In the Reported Period was not accrued, paid or granted any remuneration or payment based on shares or options on shares to any of the members of the MB, SB and AC. Neither did incentive schemes based on shares, regarding the members of the MB, SB and AC, function in the Company.

3. Annual change in the remuneration, the results of the company and the average amount of remuneration on the basis of full-time employees of the company, who are not directors, during the previous at least five financial years, presented together in a way that allows comparison;

For the Reporting Period of the members of the Management Board and the Supervisory Board, respectively employees of the KORADO Group, the payment of remuneration has started on the basis of a decision of the General Meeting of Shareholders dated 15.09.2021.

This change affected only the relevant employees of the group, and for the rest unchanged.

The results of the company's activity in the previous five financial years are the following:
/ In thousands BGN /

2017 - profit 4 778
2018 - profit 5 254
2019 - profit 4,262
2020 - profit 4,591
2021 - profit 4,759

The average remuneration based on full-time employees of the company who are not directors in the previous at least five financial years are as follows:

2017 - BGN 1,290
2018 - BGN 1,360
2019 - BGN 1,530
2020 - BGN 1,580
2021 - BGN 1,870

4. Information on the exercise of the possibility to demand a refund of the variable remuneration;

As stated above, during the reporting period variable remuneration was not paid and there is no objective possibility for its return.

5. Information on all deviations from the procedure for the implementation of the remuneration policy in connection with extraordinary circumstances under Art. 11, para. 13, including an explanation of the nature of the exceptional circumstances and an indication of the specific components that have not been applied.

So far, no procedure has been discussed and a procedure for deviation from the application of the adopted Remuneration Policy has been discussed in connection with and / or on the basis of extraordinary circumstances, as well as the definition of such circumstances.

6. PROGRAMME ON THE IMPLEMENTATION OF THE POLICY THROUGH THE FINANCIAL YEAR 1 JANUARY 2022 – 31 DECEMBER 2022

For the period January 1, 2022 - December 31, 2022, the Company intends to adhere to the current Remuneration Policy of the members of the Management Board, the Supervisory Board and the Board of Directors. These remunerations would be determined as fixed, unless the General Meeting adopts a resolution on the introduction of a variable component of such remuneration, in compliance with the relevant requirements to the introduction of assessment criteria for the achieved results and the deferral of the payment of a specific portion of such variable remuneration.

In the event that in the period 1 January 2022 – 31 December 2022 the General Meeting adopts a resolution on granting to the MB, SB or AC members any remuneration based on shares or on any other way of granting tangible or in-tangible incentives, the accrual and the payment of such remuneration will be performed only following the adoption of scheme on granting of remuneration based on shares, as proposed to and approved by the General Meeting and/or in accordance with adopted rules on determination of a bonus scheme.

In the event that in the period 1 January 2022 – 31 December 2022 any amendments or supplementations to the legislation occur, which require any respective amendment or supplementation to the contracts on the assignment of management or supervisory services, as already concluded, such amendments will be accomplished and realised on the basis of negotiations with the respective members of the MB, SB and AC in accordance with the adopted Policy, the Articles of Association of the Company and the applicable legislation.

In view of the changes in the legislation during the reporting period, a new Remuneration Policy is to be adopted and approved by the forthcoming GMS, which will accordingly take into account and include all changes that have occurred.

This report on the implementation of the Remuneration Policy of the members of the Supervisory and Management Boards of Korado-Bulgaria AD in 2021 was adopted at a meeting of the Management Board of the company, held in 23 February 2022.

Members of the Management Board of Korado-Bulgaria AD:



Jiří Rezníček



Sylvia Stefanova



Jana Havlová