

**REPORT**  
**on the implementation of the remuneration policy of**  
**the members of the Supervisory and Management**  
**Board of Chimimport AD, developed in accordance**  
**with Ordinance № 48 of the FSC dated 20 March**  
**2013 and adopted at the regular annual general**  
**meeting of shareholders held on 1 July 2013**  
**(amended on 24.08.2020)**

### **1. Information on the decision-making process in determining remuneration policy, including, if applicable, information on the mandate and composition of the remuneration committee, the names of the external consultants whose services have been used in determining remuneration policy**

The annual general meeting of the shareholders of CHIMIMPORT AD, held on 01.07.2013, approved the remuneration policy of the members of the Managing Board of CHIMIMPORT AD, adopted by the Supervisory Board on 29 April 2003. In 2020, amendments to it were adopted by a decision of the General Meeting of Shareholders. The adopted policy is in compliance with the normatively established requirements. All changes, amendments, and additions are developed by the Supervisory Board and the active participation of the independent member of the Supervisory Board, functionally independent and competent experts from the Company, for the purpose of independent assessment of expediency, and are approved by the General Meeting.

The approved policy establishes objective criteria for defining the remuneration of the company's corporate management, in order to attract and retain qualified and loyal board members and motivate them to work in the interests of the company and shareholders while avoiding potential and real conflicts of interest.

During the reporting financial year CHIMIMPORT AD has applied the Remuneration Policy of the members of the Management Board in accordance with the regulatory requirements for public companies, goals, long-term interests and strategy for future development of the company and its financial and economic situation in the context of national and European economic conjuncture.

CHIMIMPORT AD discloses its remuneration policy and any subsequent changes in it 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. This report will also be made public through its publication on the company's website.

### **2. Information on the relative weight of the variable and permanent remuneration of the members of the management and supervisory bodies**

The remuneration structure is built on two main components: - permanent salary and variable remuneration - annual bonuses and other incentives. Each of them has a relatively equal weight in determining the amount of remuneration.

- a. The permanent salary is a fixed remuneration and represents an annual amount divided into twelve monthly instalments.
- b. The variable remuneration aims to bind the short-term and long-term achievements of the managing authorities and is fully compliant with the requirements adopted in the Remuneration Policy of Chimimport AD.
  - The annual bonuses are directly related to the achieved results and analysis and evaluation of the implementation of the activity.
  - Other material incentives are tied to the assumption of specific costs of the members of the boards helping to achieve the set tasks.

### **3. Information regarding the criteria for achieved results, on the basis of which options on shares, shares of the company or other type of variable remuneration are provided and an explanation of how the criteria under Art. 14, para. 2 and 3 of Ordinance 48 contribute to the long-term interests of the Company**

According to the current Remuneration Policy of the members of the Supervisory Board and the Management Board of CHIMIMPORT AD, there is a possibility for providing variable remuneration in accordance with the policy adopted by the Company and the amendments and supplements there to.

From the moment of adoption of the cited policy until the present moment, there is no compensation of the corporate management through shares or options or other type of variable remuneration.

Variable remuneration is an additional payment by decision of the General Meeting of Shareholders to members of the Supervisory Board in the form of premiums, bonuses,

retirement benefits and other material incentives, which are given on the basis of performance criteria if the General Meeting of shareholders decided to introduce the payment of variable remuneration.

The payment of variable remuneration is made only if it does not jeopardize the financial stability of the company and in accordance with objective and measurable criteria for performance and non-financial indicators, which aim to promote the stability of the company in the long run and are relevant for the long term activity of the company.

#### **4. Clarification of the applied methods for assessing whether the criteria for the achieved results are met**

According to the current Remuneration Policy of the members of the control bodies of Chimimport AD, the company applies the following criteria for all eligible forms of remuneration of the management bodies, namely:

- implementation of technological renewal and development in the field of offered services;
- increasing the productivity and quality of work in the company;
- profit and development of the company;
- improving the business environment;
- imposing high standards of corporate governance;
- integration of corporate social responsibility in the daily management practice of the company;
- stable and sustainable development of the company in economic, social and environmental aspects;
- increasing the benefit for the shareholders;
- adequacy of the administrative, organizational and reporting structures of the company and ensuring the maximum efficiency of the company's activity;
- compliance with applicable rules and procedures;
- encouraging cooperation with stakeholders;
- compliance with obligations - work in the interest of the company and loyalty; observing the due care of a good trader.

Through the built-in internal control systems, the eligible persons can at any time get acquainted with the fulfillment of the specified criteria and it is obligatory to organize meetings in the month following the month of each quarter. This established practice guarantees the objective implementation of the set principles.

#### **5. Clarification of the relationship between remuneration and results achieved**

The current Remuneration Policy of the members of the Supervisory and Management Boards of Chimimport AD establishes a relationship between the remuneration received by the members of the corporate management and the achieved results. It is based on the following basic principles:

- Compliance of the remunerations with the realization of the business goals and the strategy for development of the company, protection of the interests and affirmation of the values of Chimimport AD;
- Providing remuneration that will allow attracting, retaining and motivating board members with the necessary qualities for successful management and development of the company.
- Non-discrimination, conflict of interest and unequal treatment of the members of the Supervisory and Management Board of the company in determining and negotiating remuneration;

- Reporting on the obligations and contributions of each of the members of the Management Board in the activities and results of the company.

#### **6. Basic payments and justification of the annual scheme for payment of bonuses and / or all other non-monetary additional remunerations**

The basic principles and criteria for the payment of variable remuneration are presented in the preceding paragraphs.

#### **7. Description of the main characteristics of the scheme for the additional voluntary pension insurance and information on the contributions paid and/or due by the Company for the benefit of the director for the respective financial year, where applicable**

Regarding the members of the Supervisory and Management Board of Chimimport AD there is no information about additional voluntary pension insurance.

#### **8. Information on the periods of deferral of payment of variable remuneration**

In order to achieve stable financial results, the payment of the variable remuneration is rescheduled for a certain period, as the rescheduled part of the variable remuneration is paid proportionally or through a gradual increase, each year during the rescheduling period. The variable remuneration may not be paid when the criteria for achieved results are not met, as well as when there is a significant deterioration in the financial condition of the company.

#### **9. Information on the compensation policy in case of termination of the contracts**

In accordance with the requirement of Art. 16, para. 2 of Ordinance 48, in section III of the current Remuneration Policy of the members of the Supervisory and Management Boards of CHIMIMPORT AD are provided the following conditions and compensations upon termination of a contract:

The conditions and the maximum amount of compensations upon termination of a contract with a member of the Management Board of the company, respectively with the executive directors, in connection with early termination of the contract, as well as payments related to the notice period or provided in the clause prohibiting competition, are settled by the remuneration policy of Chimimport AD. At present Chimimport AD has not provided for payments of indemnities upon early termination of a contract with a member of the Management Board of the company, respectively with the executive directors of the company, as well as payments in connection with a notice period or payments in connection with clauses prohibiting the performance of competitive activity.

The total amount of the compensations according to art. 10 para (1) of the Policy should not exceed the amount of the paid annual permanent remunerations to the person for 2 years.

Compensation according to art. 10 para. (1) of the Policy is not due in case the termination of the contract is due to unsatisfactory results and / or culpable behaviour of the member of the Management Board of the company, respectively of the executive directors.

During the reporting financial year, the no contract with an executive member of the Supervisory or Management Board of the company was terminated.

#### **10. Information about the period in which the shares cannot be transferred and the options on shares cannot be exercised, in case of variable remuneration based on shares**

The current Remuneration Policy for the members of the Supervisory and Management Boards of Chimimport AD provides for the possibility of providing remuneration to the members of the corporate management in the form of share options. From the moment of adoption of the cited policy until the present moment, there is no compensation of the corporate management through shares or options.

**11. Information on the policy for keeping a certain number of shares until the end of the term of office of the members of the management and control bodies after the expiration of the period under item 10.**

The current Remuneration Policy for the members of the Supervisory and Management Boards of Chimimport AD provides for the possibility of providing remuneration to the members of the corporate management in the form of share options. From the moment of adoption of the cited policy until the present moment, there is no compensation of the corporate management through shares or options.

**12. Information on the contracts of the members of the management and supervisory bodies, including the duration of each contract, the period of notice of termination and details of benefits and / or other payments due in the event of early termination**

Details regarding the contracts of the members of the control bodies and the envisaged compensations and / or other due payments in case of early termination are presented in item 9 of this report.

**13. The full amount of the remuneration and other material incentives of the members of the management and supervisory bodies for the respective financial year**

Name	<i>Paid by the Company BGN'000</i>	<i>Paid by subsidiaries BGN'000</i>
<b>Supervisory Board</b>		
Mariana Bazhdarova	24	-
<b>Managing Board</b>		
Ivo Kamenov	24	211
Nikola Mishev	24	34
Cvetan Botev	24	109
Miroljub Ivanov	24	636
Marin Mitev	24	138
Alexandar Kerezov	24	195
<b>Key management personnel - executive directors</b>		
Ivo Kamenov	819	-
Marin Mitev	819	-

**14. Information on the remuneration of any person who has been a member of a management or supervisory body of a public company for a specified period during the financial year in question:**

During the period of 2020, persons other than those presented in Art. 13 have not been appointed and / or dismissed as members of the control bodies.

**15. Information regarding shares and / or stock options and / or other share-based incentive schemes:**

(a) the number of shares offered, or shares granted by the company during the financial year in question and the terms under which they were offered, respectively granted;

(b) the number of options exercised on shares during the financial year in question and for each of them, the number of shares and the exercise price of the option or the value of interest under the share-based incentive scheme at the end of the financial year;

(c) the number of options exercised on shares at the end of the financial year, including details of their exercise price and date and the material conditions for exercising the rights;

(d) any changes in the terms and conditions of existing stock options accepted during the financial year.

According to the current Remuneration Policy of the members of the Supervisory Board and the Management Board of Chimimport AD, there is a possibility to provide options on shares, shares of the company or other incentive schemes based on shares of the members of the corporate management. From the moment of adoption of the cited policy until the present moment, there is no compensation of the corporate management through shares or options.

**16. Information on the annual change in remuneration, the company's results and the average full-time remuneration of non-directors of the company's employees during the previous at least five financial years, presented together in a way that allows comparison;**

The change in the average annual remuneration of the Supervisory Board and the Management Board, full-time employees and the net results of the company is presented as Y / Y-1, expressed as a percentage.

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
<b>Average annual remuneration of full-time employees</b>	8,04%	(3,44%)	6,24%	11,46%	1,42%	7,63%
<b>Average annual remuneration of the Supervisory Board and the Managing Board</b>	355,46%	(38,08%)	25,63%	(52,87%)	(40,46%)	427,89%
<b>Net financial result</b>	(3,17%)	(16,17%)	15,49%	(5,89%)	0,01%	(43,28%)

**17. Information on exercising the possibility to demand a refund of the variable remuneration**

According to the current Remuneration Policy of the members of the Supervisory Board of CHIMIMPORT AD, there is a possibility for providing variable remuneration only upon decision of the General Meeting of Shareholders.

During the reporting financial year there were no circumstances for decisions according to Art. 7 para 2 of the Remuneration Policy of Chimimport AD.

**18. Information about all deviations from the procedure for the application 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 not implemented**

According to the remuneration policy, extraordinary circumstances may be indicated in which the company may temporarily not apply part of the policy. Exceptional circumstances are classified as those that lead to a risk to the financial stability and interests of the company. The extraordinary circumstances under sentence one are circumstances in which the non-implementation of a part of the policy is necessary and is related to the long-term interests and sustainability of the public

company or its viability. During the reporting year no deviations were made in the implementation procedures.

**19. Information regarding the application of the remuneration policy of the members of the Supervisory and Management Boards of Chimimport AD for the next financial year**

As of the date of preparation of this report, the Supervisory Board of Chimimport AD has not identified the need to adopt changes in the adopted and approved by the GMS of the company Remuneration Policy of members of the corporate management and agrees to follow the adopted remuneration policy of members of the Management Board. and Supervisory Boards of Chimimport AD regarding the payment of remuneration for a longer period - until the end of the term. The criteria set out in the policy for determining remuneration are currently effective, in view of the financial results achieved during the reporting period. The members of the boards agree that in case of a sharp change in the financial and economic indicators, regardless of whether they are in an upward or downward direction, the Remuneration Program will be revised, and the changes reflected in it will be duly adopted by the General Meeting of Shareholders, for which the public will be informed in accordance with the provisions of the POSA.

*This report has been prepared by the Supervisory Board of CHIMIMPORT AD in accordance with the provision of Art. 12, para. 1 of ORDINANCE № 48 of the FSC dated 20 March 2013 on the requirements for remuneration and is a separate document to the annual financial statements of the company as of 31 December 2020.*

*The report provides an overview of how the remuneration policy has been implemented during the year and is accompanied by information on the implementation of the remuneration policy for the next financial year.*

**17 March 2021  
Sofia, Bulgaria**