

Remuneration Policy

The Remuneration Policy (hereinafter: the Policy) determines the remuneration of a member of the Management Board for Tankerska Next Generation d.d. (hereinafter: the Company) taking into account compliance with the regulatory framework. Beforehand one should be noted that Tankerska Next Generation d.d. applies the (new) Corporate Governance Code (hereinafter: the Code) adopted by Croatian Financial Services Supervisory Agency (Hanfa) and the Zagreb Stock Exchange, which has been in force since 1 January 2020.

Conditional deviations from the best practice according to the Code are due to the limited applicability of certain determinants due to the specificity of the Company.

The Company reports on its corporate governance practices for the year beginning January, 1st 2019 through the prescribed questionnaires to establish the existing Code practices covering the remuneration of members of the management and supervisory boards and the establishment of appropriate committees. Each member of the Remuneration Committee (hereinafter: the Committee) must have the necessary academic degree, knowledge and professionalism to perform activities within the competence of the committee. The Supervisory Board is responsible for the adoption, implementation and supervision of this Policy. The members of the Committee are appointed for a term until the expiration of the term of the Supervisory Board.

Tankerska Next Generation's Remuneration Policy

Good corporate reputation is based, among other things, on transparency of information and adherence to the principles of good corporate governance, which in the capital market plays a key role in ensuring investor protection, which is one of the key determinants supported in the Company's remuneration policy.

The goal of the established remuneration policy is to;

- Explain the basic principles and basic starting points of the remuneration policy
- Establish remuneration policy criteria
- Compose and prescribe the transparency of remuneration procedures
- Harmonize procedures and policies with the long-term interests of the Company
- Indicate any significant changes compared to the previous year

Basic principles of remuneration of members of the Management Board:

- Balance of all elements of receipts and responsibility for the achieved results
- Market-oriented remuneration for jobs of the same or similar complexity
- Remuneration in such a way that the variable payments reflect the total achievement of the Company's goals as well as the personal contribution of the member of the Management Board
- Non-financial goals defined through quality and efficient management of people that ultimately positively affects the reputation and trust in the Company.

The key elements of remuneration are:

- Fixed remuneration

- Base salary - is not based on work performance and paid monthly. The base salary is adjusted to the labour market, respecting the environment in which it operates.

- Variable remuneration

- Annual bonus - is intended to reward the work performance of a member of the Management Board and is determined based on the achievement of financial and non-financial goals of the Company. Goals are set on the basis of one year and only exceptionally on the basis of several annual goals. The annual bonus is usually paid in the current year for the previous one.

The equivalent of two base salaries as an annual bonus for achieving the Company's financial goal is generally paid in the event that EBITDA reaches between USD 15 and 17 million. For EBITDA above USD 17 up to 19 million four base salaries, while for EBITDA above USD 19 million the target annual bonus for achieving the annual financial result is 6 base salaries. EBITDA ranges are based on an average of six ships in the fleet, which will be prorated as needed.

For the purpose of determining EBITDA for the calculation of the annual bonus of a member of the Management Board, the effect of the sale of the ship, whether positive or negative, is excluded from the calculation. For the purpose of bonus payment, the Audit Committee is obliged to determine EBITDA according to this criterion.

The maximum annual bonus for the business year for achieving the non-financial goals of the Company, in the discretion of the Supervisory Board, amounts to a maximum of two additional monthly base salaries. The Supervisory Board will determine its discretion for this purpose on the basis of the realization of the annual plan.

- In case of a poor business situation or annulment and dismissal of a member of the Management Board due to misconduct, the Supervisory Board may decide not to pay part of the bonus.
 - The bonus is paid only if it is sustainable taking into account the financial condition of the Company as a whole and if it is justified given the performance of the Company and the member of the Management Board. When taking into account the financial condition of the Company, an important criterion will be the satisfaction of conditions and obligations from the loan agreement.
 - In the event of circumstances prescribed by law or other applicable regulation, the Company may request the return of paid variable remunerations.
- Shares - The Supervisory Board may unilaterally decide that the annual bonus be paid by allocating the Company's own shares included in the regulated market, in which case a member of the Management Board acquires shares at the time he would otherwise receive a cash payment.

The allotment of shares accordingly contributes to the focus of the member of the Management Board on the appropriate balance between short-term and long-term goals.

- Benefits - not related to work performance
 - A company car assigned for use 24/7
 - Additional health insurance
 - Accident insurance policy
 - Personal liability insurance policy
 - Pension insurance – contributions to the third pension pillar

The Supervisory Board regularly analyses the level of benefits, if necessary, revises the existing ones and introduces new ones.

Remuneration policy for members of the Management Board

The Company's remuneration policy for members of the Management Board must be determined by the Supervisory Board in accordance with the Company's policy and based on the recommendations of the Remuneration Committee. The level of remuneration of a member of the Management Board that is taken into account when determining the part of remuneration based on business performance must be appropriate taking into account the agreed strategy, risk appetite, economic environment in which the Company operates and salaries and conditions of employees.

When determining the level of remuneration, the Remuneration Committee or the Supervisory Board will also consider:

- Business management or day-to-day decision-making, as well as management that includes establishing a vision and standards that influence those decisions.
- Management also includes issues such as the purpose of the Company, relationships with other individuals and influencing expected behavior of managers and employees of the Company.
- The fact that companies with a good standard of governance and transparency find it easier to attract capital due to greater investor confidence.
- A benefit that arises not only for individual companies but for the market and the economy of the country as a whole.
- The international environment in which the business entity operates and on which it generates revenues.
- The possibility to attract professional staff with adequate experience in a specific shipping segment.
- Motivation and retention of qualified professionals and their loyalty.
- Advocacy and responsibility for the concept of corporate social responsibility, which implies a synergy of care for society and the environment, and the company's business development strategy, which should ultimately result in creating the preconditions for sustainable development of all parties involved.

A society with good governance has more prospects for long-term success, and those who invest in society, those who work for society, as well as the economy of the country benefit from it. Companies that behave ethically and have constructive relationships with stakeholders develop a good reputation, which contributes to their success.

Remuneration of members of the Supervisory Board

Pursuant to the General Assembly's decision of 1 August 2018, the amount of remuneration was determined in the monthly amount of HRK 7,600.00 gross for members, and in the monthly amount of HRK 9,500.00 gross for the President of the Supervisory Board.

The level of remuneration of the Chairman of the Supervisory Board and other members of the Supervisory Board reflects their workload and responsibilities, including the workload and responsibilities in the Supervisory Board sub committees.

Remuneration of members of the Supervisory Board will not include variable elements or other elements related to business performance as performance-related remuneration that could jeopardize their independence and objectivity.

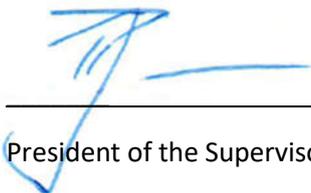
Unlike members of the Supervisory Board, the goals for members of the Management Board for obtaining performance-related bonuses must be challenging in order to reward results. Objectives must be designed so that members of the Management Board are not tempted to take excessive risks that are not in line with the strategy or behave unethically.

The Supervisory Board of the company, whose shares are listed on the regulated market for trading, decides on the system of remuneration of members of the Management Board.

Policy Revision

The policy is reviewed once a year. If there are no changes, the existing policy remains in force.

This policy enters into force upon a decision by the General Assembly of the Company.



President of the Supervisory Bord
Ivica Pijaca