

**Zagrebačka burza d.d.**

**Remuneration Report for the year 2023**



# Independent Auditor's Limited Assurance report on the Remuneration Report for the year ended 2023

To the Management Board and Supervisory Board of Zagrebačka burza d.d.

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## Introduction

We have been engaged by the Management Board of Zagrebačka burza d.d. (the "Company") on the basis of the agreement dated 12 December 2023 to conduct a limited assurance engagement on the Management Board and Supervisory Board remuneration information included in the Remuneration Report for Zagreb Stock Exchange, Inc. Management and Supervisory Board Members for the year ended 31 December 2023 (the "Remuneration Report").

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## Description of the subject matter and applicable criteria

The Company's Management Board has prepared the Management Board and Supervisory Board remuneration information included in the Remuneration Report in accordance with the provisions of Article 272r of the Croatian Companies Act ("the Companies Act").

The applicable criteria regarding the Management Board and Supervisory Board remuneration information, for identifying the individuals to be included in the Remuneration Report and the disclosure requirements of their remuneration, are contained in the provisions of Article 272r items 1 and 2 of the Companies Act.

The requirements stated above determine the basis for preparation of the Remuneration Report (the "Applicable Criteria") and, in our view, constitute appropriate criteria to form the limited assurance conclusion.

According to the requirements of Article 272r item 3 of the Companies Act, the Remuneration Report is subject to verification by an independent auditor whether it contains information that is in accordance with the requirements of Article 272r items 1 and 2 of the Companies Act. The independent auditor's report is required to be published on the Company's website together with the Remuneration Report in accordance with the provisions of Article 272r item 4 of the Companies Act. This report was prepared to assist the Company in fulfilling these requirements.

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## Responsibility of the Management Board and the Supervisory Board

The Company's Management Board and the Supervisory Board are responsible for:

- the preparation of the Remuneration Report for the year 2023 in accordance with the disclosure requirements of Article 272r items 1 and 2 of the Companies Act,
- identifying the individuals to be included in the Remuneration Report in accordance with Article 272r item 1 of the Companies Act,
- selecting and applying appropriate remuneration policies as well as making judgments and estimates that are reasonable in relation to the information disclosed in the Remuneration Report,



- measurement of remuneration for the year ended 31 December 20xx in accordance with provisions of Article 272r items 1 and 2 of the Companies Act, and
- publishing the Remuneration Report on the Company's website in accordance with provisions of Article 272r item 4 of the Companies Act.

The Company's Management Board and Supervisory Board are also responsible for the selection and application of appropriate methods for the preparation of financial data and non-financial information, as well as for the design, implementation and maintenance of systems and processes of internal control and accounting records, that are necessary to enable the preparation of the Remuneration Report that is free from material misstatements, whether due to fraud or error, and complies with the applicable requirements.

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### Our responsibility

Our responsibility was to assess the compliance, in all material respects, of the Remuneration Report with the Applicable Criteria and to express, based on the evidence obtained, an independent limited assurance conclusion.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000"). This standard requires that we comply with ethical requirements and plan and perform procedures to obtain limited assurance whether the Remuneration Report is prepared, in all material respects, in accordance with the Applicable Criteria.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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### Quality management requirements and professional ethics

We apply International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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### Summary of the work performed

Our planned and performed procedures were aimed at obtaining limited assurance whether the Remuneration Report is prepared, in all material respects, in accordance with the Applicable Criteria. We have performed the following procedures:

- we inquired of members of the Management Board and the Supervisory Board and other persons within the Company to gain understanding of the remuneration policies and the process applied in preparing the Remuneration Report;
- we received from the Company a list of all members of the Management and Supervisory Boards during 2023 and checked whether their remuneration is disclosed in the Remuneration Report;



- we reconciled the remuneration information presented in the Remuneration Report with the Company's accounting records (general ledger and subledgers) for the year ended 31 December 2023;
- we reviewed, on a sample basis, the relevant documentation (contracts and payments) related to the remuneration information presented in the Remuneration Report; and
- we checked whether the Remuneration Report contains all the information required by the provisions of Article 272r items 1 and 2 of the Companies Act.

The Management Board and Supervisory Board remuneration information included in the Remuneration Report was not subject to audit as defined in International Standards on Auditing. In the course of performing the assurance procedures, we have not conducted an audit or review of the historical financial information used in the process of preparation of the Remuneration Report and therefore we do not accept any responsibility for the issuance or update of any reports or opinions on the historical financial information of the Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

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#### Limited assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Remuneration Report is not prepared, in all material respects, in accordance with the Applicable Criteria.

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#### Restriction on distribution and use

This report has been prepared by PricewaterhouseCoopers Croatia for the Company's Management Board and Supervisory Board and is intended solely to fulfil the purpose described in the section "Description of the subject matter and applicable criteria". It should not be used for any other purpose or distributed to other parties. In addition, based on the procedures performed and described above, this is a limited assurance report and it is not, nor is it intended to be, a legal opinion on the Company's compliance with Article 272r items 1 and 2 of the Companies Act.

In connection with this report, PricewaterhouseCoopers Croatia does not accept any liability resulting from contractual and non-contractual relationships (including for negligence) with entities other than the Company. The above does not relieve us of liability where such release is excluded by law.

We permit this report to be disclosed in the Remuneration Report, which will be published on the Company's website. The Management Board of the Company is responsible for publishing the Remuneration Report on the Company's website and for the reliability of information on the Company's website. The scope of our work does not include an assessment of these matters. Accordingly, we are not responsible for any changes that may have been made to the information which is the subject of our assessment or for differences, if any, between the information covered by our report and the information provided on the Company's website.

PricewaterhouseCoopers d.o.o.  
Zagreb, 29 April 2024

This version of our report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Pursuant to Article 272r of the Companies Act (Official Gazette NN No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22 and 18/23 and 130/23), on 29 April 2024, the Management and the Supervisory Board of the Zagreb Stock Exchange prepared the following

**Remuneration Report  
for Zagreb Stock Exchange, Inc. Management and Supervisory Board Members for 2023**

**1. FIXED AND VARIABLE ELEMENTS OF REMUNERATION FOR 2023**

**1.1. ZAGREB STOCK EXCHANGE, INC. MANAGEMENT BOARD**

In 2023, the remuneration paid to the Company's Management Board President Ivana Gažić totaled a gross II EUR 142,353 out of which EUR 125,026 is the fixed element of remuneration and EUR 17,327 the variable element of remuneration. The fixed element represents 87.83% and the variable element 12.17% of remuneration.

In 2023, the remuneration paid to the Company's Management Board Member Tomislav Gračan totaled a gross II EUR 119,863 of which EUR 105,437 is the fixed element of remuneration and EUR 14,426 the variable element of remuneration. The fixed element represents 87.96% and the variable element 12.04% of remuneration.

For Management Board President Ivana Gažić voluntary health insurance policy was agreed with an annual premium of EUR 502,49.

For Management Board Member Tomislav Gračan voluntary health insurance policy was agreed with an annual premium of EUR 502,49.

The Company's Management Board also had a management liability insurance policy issued in 2023, with the insurance cover of EUR 1 million.

Other remuneration included the right to the use of the company car, tablet, mobile telephone and laptop, which was exercised by both Management Board members.

The remuneration of the Company's Management Board members in 2023 were in compliance with the Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members, determined by the Supervisory Board at its meeting held on 26 April 2022 and approved by the Company's Shareholder Assembly at an Annual General Meeting (AGM) held on 14 June 2022.

The remuneration of Management Board Members has been defined with a view to supporting long-term performance of the Company as a universal, highly reliable and innovative exchange that contributes to creating a firm pillar and development hub for investors, the economy and society as a whole.

## 1.2. ZAGREB STOCK EXCHANGE, Inc. SUPERVISORY BOARD

The following members of the Zagreb Stock Exchange, Inc. Supervisory Board Tomislav Jakšić, Matko Maravić, Ivan Sardelić, Enrique Bernardo Mariano (whose Supervisory Board mandate ended on 28 February 2023), Dražen Čović, Silvije Orsag and Bente Avnung Landsnes (whose Supervisory Board mandate started on 26 April 2023) had no remuneration paid to them for their work in 2023.

## 2. OVERVIEW OF ANNUAL CHANGES IN REMUNERATION, INCOME AND PROFIT OF THE COMPANY AND AVERAGE REMUNERATION OF FULL-TIME EMPLOYEES FOR THE PAST FIVE FINANCIAL YEARS

In the financial year 2023, the Zagreb Stock Exchange, Inc. had total income of EUR 2,200 thousand and EUR 138 thousand in pre-tax profit and EUR 136 thousand profit after tax. There were no changes to the remuneration paid to members of the Zagreb Stock Exchange Management Board during 2023.

The ratio of average remuneration of Zagreb Stock Exchange, Inc. Management Board members and full-time employee in 2023 was 1:3.

The overview below shows the average income of employees of the Zagreb Stock Exchange, Inc., fixed and variable, full-time employees for the last five business years in relation to income and net profit or loss of the Company in that period.

Annual receipts per employee (in thousand EUR)	2023	2022	2021	2020	2019
Annual basis (gross II) increased by payments in own shares	42	40	38	37	34
<b>Zagreb Stock Exchange (in thousand EUR)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total income*	2,200	2,036	1,923	1,960	1,922
Net profit/(loss)		17	11	24	16
	136		6	9	1

\*Including financial income

## 3. NUMBER OF SHARES AND SHARE OPTIONS ISSUED OR UNDERTAKEN TO BE ISSUED BY THE COMPANY TO MANAGEMENT AND SUPERVISORY BOARD MEMBERS

The remuneration system applicable to the Management Board Members includes that up to 67% of the variable remuneration payable to the Management Board Member can be executed in the Company's shares.

According to the decision of the Supervisory Board dated April 26, 2023, in accordance with the Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members dated April 26, 2022, the President of the Management Board was paid part of the bonus by awarding 912 of the Company's own shares.

According to the decision of the Supervisory Board dated April 26, 2023, in accordance with the Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members dated April 26, 2022, a part of the bonus was paid to the member of the Management Board by allocation of 751 of the Company's own shares.

The Supervisory Board members have no right to Zagreb Stock Exchange, Inc. shares.

#### **4. REPAYMENT OF VARIABLE ELEMENTS OF REMUNERATION**

The repayment of variable elements of remuneration of Management Board members is not foreseen nor has it been agreed.

#### **5. REMUNERATION PAID OR UNDERTAKEN TO BE PAID TO MANAGEMENT BOARD MEMBERS IN 2023 BY OTHER COMPANY FROM THE CONCERN**

In 2023, the remuneration paid to the Management Board President as a member of the Macedonian Stock Exchange Inc. Supervisory Board for her work in the Supervisory Board was EUR 4,827,39 gross.

In 2023, Macedonian Stock Exchange Inc. additionally paid the Management Board President a remuneration for other income in the amount of EUR 345.00 gross.

In 2023, the remuneration paid to the Management Board President as a president of the Ljubljana Stock Exchange Inc. Supervisory Board for her work in the Supervisory Board was EUR 1,800.00 gross.

In 2023, the remuneration paid to the Management Board member as a member of the Ljubljana Stock Exchange Inc. Supervisory Board for her work in the Supervisory Board was EUR 1,500.00 gross.

#### **6. REMUNERATION PAID OR UNDERTAKEN TO BE PAID TO MANAGEMENT BOARD MEMBERS IN 2023 BY A THIRD PARTY IN RESPECT OF WORK DONE AS MANAGEMENT BOARD MEMBER**

The Members of the Management Board had no remuneration paid to them in respect of work done as management board member by a third party in 2023, nor was a third party obliged to pay them receipts on that basis.

#### **7. REMUNERATION UNDERTAKEN TO BE PAID BY THE ZAGREB STOCK EXCHANGE, INC. TO THE MANAGEMENT BOARD MEMBER IN THE EVENT OF EARLY TERMINATION OF MANAGEMENT BOARD MEMBERSHIP**

If the contract for the performance of duties of the Management Board or the employment contract of the Management Board member is terminated by the Zagreb Stock Exchange, Inc., Management Board members are entitled to severance pay equal to 6 (six) monthly (basic) gross salaries, except where they are dismissed by decision of the Supervisory Board for misconduct, as a relevant reason for dismissal.

There were no payments to members of the Management Board for early termination of their Management Board membership or amended terms of such payment in 2023.

**8. REMUNERATION UNDERTAKEN TO BE PAID BY THE ZAGREB STOCK EXCHANGE, INC. TO THE MANAGEMENT BOARD MEMBER IN THE EVENT OF REGULAR TERMINATION OF MANAGEMENT BOARD MEMBERSHIP**

No obligations were undertaken by the Zagreb Stock Exchange, Inc. under the contract for the performance of duties of the Management Board member or under the employment contract of the Management Board member to pay remuneration to its Management Board members in the event of regular termination of their membership in the Management Board.

There were no changes to such arrangements in the course of 2023.

**9. REMUNERATION UNDERTAKEN TO BE PAID BY THE ZAGREB STOCK EXCHANGE, INC. IN RESPECT OF TERMINATION OF MANAGEMENT BOARD MEMBERSHIP TO A FORMER MEMBER OF THE MANAGEMENT BOARD WHOSE MEMBERSHIP EXPIRED IN 2023**

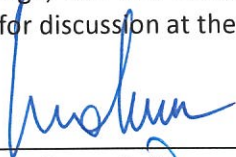
There was no termination of membership of the Zagreb Stock Exchange Management Board in the course of 2023.

**10. CONCLUSION**

Remuneration policy for Zagreb Stock Exchange, Inc. Management Board Members was approved by the Company's Shareholder Assembly (AGM) on 14 June, 2022.

This Remuneration Report for Zagreb Stock Exchange, Inc. Management and Supervisory Board Members for 2023, together with the auditor's report on the Report audit, will be submitted by the Management and Supervisory Board of the Zagreb Stock Exchange, Inc., in accordance with the provision of Article 276a(5) of the Companies Act, for discussion by the Shareholder Assembly of the Zagreb Stock Exchange, Inc. as a separate item on the agenda of the AGM.

This Remuneration Report for Zagreb Stock Exchange, Inc. Management and Supervisory Board Members for 2023, together with the auditor's report on the Remuneration Report audit, will be published by the Zagreb Stock Exchange, Inc. and made available free of charge on its website for a period of 10 years after its submission for discussion at the AGM.



Ivana Gažić  
President of the Management Board



Matko Maravić  
Chairman of the Supervisory Board



ZAGREBAČKA BURZA d.d.  
Zagreb

Tomislav Gračan  
Member of the Management Board

*This version of Remuneration Report for Zagreb Stock Exchange, Inc. Management and Supervisory Board*



*Members for 2023 is translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information and views, the original language version of the report takes precedence over this translation.*