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Скопје 1

**SUITABILITY POLICY  
FOR THE MEMBERS OF THE BOARD OF DIRECTORS  
OF OKTA AD - SKOPJE  
(BOARD PROFILE)**

**December 2023**

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## 1 Introduction

This Suitability Policy and Board Profile (**hereinafter the "Policy"**) for the members of the Board of Directors (**hereinafter the "BoD"**) of the company "OKTA Crude oil Refinery Shareholding company - Skopje" (or for the purposes of this document the **"Company"** or **"OKTA"**) defines the basic principles and framework for the selection, renewal of the term of office and replacement of the members of the BoD, and contains the Board Profile of the Company.

The Policy is fully in line with the current provisions of the legislation of the Republic of North Macedonia concerning the corporate governance of shareholding company, especially those listed on the Macedonian Stock Exchange. In particular, the provisions of the following laws and bylaws were especially taken into consideration for the drafting of this Policy:

- The Law on trade companies (hereinafter the **"LTC"**)
- The Law on securities
- The Listing Rules of the Macedonian stock Exchange (hereinafter the **"Listing rules"**)
- The Corporate Governance Code of the Macedonian Stock Exchange (hereinafter the **"CGC"**), as well as
- The Charter and other internal documents of the company

## 2 Purpose

The Purpose of the Policy is:

- To define general principles and guidelines for the selection, evaluation and proposal of candidate members of the BoD.
- To define the knowledge, qualifications, skills and experience that candidate members individually and collectively should possess.

## 3 Scope of the Suitability Policy

The Policy applies to the members of the BoD of the Company.

Basic principles of the Policy may be used as a reference point for the selection of the senior management of the Company.

## 4 Roles and responsibilities

The BoD is responsible for initiating the procedure for the nomination of the appropriate candidates for the BoD, without prejudice to the rights of the shareholders. The BoD may recommend an appropriate candidate to the Assembly of Shareholders for election, according to the provisions of the LTC and the Charter of the Company.

The BoD may decide to establish a special permanent committee for appointment and selection of BoD members (hereinafter the **"Committee"**). If and when established, the Committee shall be an advisory to the BoD.

**Until the establishing of a special Committee, the rights, obligations, duties, powers and responsibilities of the Committee (as provided for in this Policy), shall be assumed directly by the BoD.**

## **5 BoD Composition**

According to the Company's Articles of Association (the Charter), the BoD consists of seven (7) members, of which at least two (2) are independent non-executive members, whereas up to three (3) members can be appointed as executive members, out of which one (1) is the Chief Executive Officer of the Company.

The BoD may establish committees to assist it in undertaking its tasks and ensure that they have the composition and resources necessary to carry out their role effectively.

The number of committees that will operate within the BoD, or the need for further delegation of specific powers and responsibilities to its members, may be adapted according to the needs of its operation, using their knowledge, reputation and experience, in application of the present Policy.

The Board of Directors or, when established, the Committee, shall ensure that the BoD is composed of an adequate number of members necessary to carry out effectively the functions assigned to it and of its committees, and in compliance with the relevant provisions of the CGC and good corporate practises.

## **6 Member selection**

The Committee may propose nominations of persons it considers fit to become members of the BoD.

In the absence of a Committee, the BoD may itself identify the appropriate candidates. The Committee, or in its absence, the BoD, shall make sure that the candidate meets the required legal conditions and shall check the compliance with the criteria laid down by law, the Company's internal acts and the board profile. The suitability is determined in relation to the criteria of the Policy for the candidate members (individually and collectively) and the current composition needs of the BoD. For the purposes of the Policy, the suitability is defined as the extent to which an individual is considered by the BoD to have sufficient knowledge, skills and experience to perform his/her specific duties as a member of the BoD, and personal qualities including integrity and ethics. Also, the members of the BoD should have as a whole the knowledge, skills, experience, as well as the diversity required for the exercise of the responsibilities of the BoD.

Prior to commencing the evaluation, the Committee shall gather from the candidate info, and where necessary, supporting documents, related to the age, gender, education and other professional qualifications, professional experience and how it was acquired, companies in which the person was or is a member of a managing or supervisory body, or has held or holds other important positions, the number of shares owned in the company or other companies, as well as the loans and other obligations towards OKTA. Prior to the candidate being elected as member of the BoD, the above info is published on the website of the Company.

In addition to the information stipulated by law, prior to the election, the shareholders shall be provided also with information on the existence of conflict of interest with the Company, summary of the most recent evaluation (if they are a candidate for re-election).

Each proposed candidate is obliged to disclose any potential conflict of interest they may have with the Company or related companies. In the event that the relevant situations that create conflict of interest are significant and not of an individual nature, the candidate shall not be nominated and elected as a member of the BoD.

## 7 Training

The Committee, following the appropriate relevant procedure, introduces the members of the BoD, to the extent possible, before taking up their duties, among others, to the culture<sup>1</sup>, values and general strategy of the Company.

The Company provides introductory training to the members of the BoD when taking up their position, in order to facilitate a clear understanding of:

- the structure of the Company, as well as its business model;
- the risk profile and Corporate Governance arrangements of the Company, as they arise from the Law and the Corporate Governance Code;
- the potential conflicts of interest, as well as
- the role that each member assumes, both as a member of the BoD and as a member of its committees.

The Company also provides collective and, where appropriate, individual training programs, and confirms the participation of the members.

## 8 Succession Plan

The BoD ensures for the Company the appropriate succession plan, for the smooth continuity of the management of its affairs and decision-making after the departure of BoD members. If established, the Committee supports the BoD in designing and planning its smooth succession and continuity, taking into account the limitations set in the LTC (Article 3) and the CGC for the maintenance of the status of independence. The Succession Plan is an integral part of this Policy as a separate Addendum.

## 9 Suitability assessment criteria

### 9.1 Individual Suitability

#### 9.1.1 Adequacy of knowledge and skills

The members of the BoD have the necessary knowledge, skills and experience to perform their duties in view of the role, position and prerequisites for the position. Experience covers both practical and professional experience, as well as the theoretical knowledge acquired.

For the evaluation of the above the BoD examines the following:

- 1) the role and duties of the position as a member of the BoD;
- 2) the knowledge and skills acquired through education and training, and in particular the level and type of education, including, but not limited to, energy and oil sector specialisations, accounting, auditing, finance, business management, law, human resources management, marketing and communication, and IT;
- 3) any previous practical and professional experience, and in particular previous positions and type of employment held by the member.

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<sup>1</sup> The “culture” of the Company can be described as the real situation within the Company, or within smaller organisational units of the Company, as the sum of all the common data and assumptions that the Company has developed to address problems of external adjustment and internal integration.

### 9.1.2 Morality and Reputation

The good reputation and morality of the BoD members are important to the Company. In this respect the candidate shall provide: (i) evidence from the criminal and penalty records of the Criminal Court, confirming that there is no ongoing criminal procedure against the candidate, and that no criminal sanctions has been imposed against the candidate, and (ii) certificate from the Central Registry of the Republic of North Macedonia confirming that no sanction for prohibition of performing profession, activity or duty has been imposed against the candidate, which would prevent the candidate from performing the duty and profession as a member of the BoD.

If the candidate provides evidence that they have been subject to a court judgment, the assessment shall take into account, in particular, the relevance of the offence to the role of the member, the seriousness of the offence for which the member or prospective member has been convicted, the general circumstances, including mitigating factors, the role of the person involved, the penalty imposed, the stage which the judicial proceedings reached, and any remedial measures put into effect.

### 9.1.3 Allocation of sufficient time

All members of the BoD must allocate the time required for the performance of their duties based on the role and duties assigned to them in the framework of the BoD operation.

The Company informs each candidate member of the BoD of the expected time required to devote for the fulfilment of their duties prior to their nomination and appointment. The candidate member of the BoD should make himself/herself available for, at least, such time equal to the number of BoD meetings, time required for review of documentation (materials) for BoD meetings and other necessary actions in relation to performance of their role as a member of the BoD.

### 9.1.4 Ineligibility

#### 9.1.4.1 Conflict of interests

A “**conflict of interest**” is defined as a situation in which the personal relationships, external activities or interests of a member of the BoD are contrary to the interests of the Company or affect or could affect the judgment of that member in the decision-making process, in a way that it could cause a material risk of damage to the interests of the Company and/or its Customers and/or other third parties with which the Company deals in the course of its activities.

Each member of the BoD must declare any actual and/or potential conflicts of their interests with those of the Company, and related companies, in accordance with the applicable law and the internal bylaws of the Company.

#### 9.1.4.2 Restrictions

The Committee shall ensure that the following legal restrictions for the election of BoD members apply during the nomination, election and term of a BoD member:

- Only individuals with full business capacity may be elected as a BoD member
- Persons with active penalty or misdemeanour sanctions for prohibition of performing a duty from a certain area which partially or fully covers the scope of operation of the Company, may not be elected as members of the BoD, for as long as the penalty or the sanction are active
- A non-executive member or an executive member of the BoD may not, at the same time, be a non-executive member of a BoD or a member of a supervisory board in more than 5 (five) shareholding companies with official seat in the country. The prohibition does

- not apply to legal entities elected as BoD members
- An executive member of the BoD may not, at the same time, be an executive member or member of a managing body in another shareholding company with official seat in the country, except in banks, insurance companies or other companies allowed by law
- A person may not be elected as member of the BoD if there is any other restriction stipulated by law

## **9.2 Collective Suitability**

When selecting candidate members of the BoD, the Committee shall propose candidates whose election ensures that the BoD, as a collegiate body, has in particular the following characteristics:

- Full understanding of the structure and dynamics of the Company,w
- Significant experience in the business and professional world,
- Its members have collective experience in the following indicative fields:
  - energy and oil sector;
  - environmental protection, social responsibility and governance (ESG);
  - strategic planning and development of new activities and products;
  - financial management and international capital markets;
  - the legal and institutional framework for the operation of companies and commercial transactions;
  - the ability to identify and manage risks.

## **9.3 Diversity**

The Company will endeavor, to the extent possible, to achieve gender diversity and to attract professionals with international work experience in the BoD.

## **10 Monitoring and Review of Implementation**

The review of the composition of the Board is taking place once a year, or otherwise when there is a vacancy.

## **11 Policy Approval and Revision Procedure**

This Policy is approved by the BoD.

The Company monitors the effectiveness of the Policy and periodically evaluates it at regular intervals or when significant events or changes take place. The Company modifies the Policy and reviews its design and implementation, where appropriate, taking into account, inter alia, the recommendations of the Committee, the Internal Audit Division and any other external bodies.

Any amendments to the Policy are approved by the BoD.

The Policy and any amendment thereof is effective upon its approval by the BoD.

The Corporate Secretary or any other person or persons performing the duties of a Corporate Secretary or, in their absence, another person authorized by the Chairman of the Board of Directors, ensures the keeping of a physical and electronic record of sufficient documentation regarding the approval of the Policy and any amendments thereto.

The Policy in effect, is uploaded, in its updated version, to the Company's website [<https://www.okta-elpe.com/en/investors-relation/aaa-2/>].

## 12 Annex

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For and on behalf of the Board of Directors

  
\_\_\_\_\_  
Chairman of the Board of Directors





### 12.1 Table of collective BoD suitability

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<b>Indicative desirable knowledge fields and experience</b>											
International experience											
Energy and oil sector											
Environmental protection, social responsibility and governance (ESG)											
Strategic planning and development of new activities and products											
Financial management and international capital markets											
Legal and institutional framework for the operation of companies and commercial transactions											
Ability to identify and manage risks											
<b>Collective criteria required under positive legislation</b>											
Adequate gender representation											
Independence (pursuant to LTC (Article 3) and the CGC											

## 12.2 Succession Plan

### I. Purpose

Recognizing that changes in the Board of Directors of OKTA AD are inevitable, the Board has established a succession plan to provide continuity in leadership (the "Succession Plan").

OKTA AD's Succession Plan is designed to address vacancies in the Board of Directors.

The Succession Plan should be read and interpreted as a part of OKTA AD's Suitability Policy.

### II. Succession Plan

The Board shall assess the needs of the Company for the vacant positions in the Board of Directors.

Vacancies will be filled from within or, in the event no viable candidate is available, on an "acting" basis while an external recruitment effort is conducted.

At least once a year, at a BoD meeting following will be discussed:

- review the succession plan;
- identify key positions and incumbents targeted for succession planning. This should include an analysis of planned retirements, potential turnover, etc.;
- update the succession planning chart, according to the following sample:

Position	Incumbent Name	Term of Office expiry	Retirement Date

Any of the positions in the Board of Directors may become vacant prior to the expiry of the Term of Office or the Retirement Date of the incumbent.

If a vacancy occurs more than 3 (three) months prior to the next Annual Shareholders Assembly of OKTA AD, pursuant to Article 347 of the Law on Trade Companies, the Board of Directors shall elect an acting member of the Board of Directors, with a term of office until the next Annual Shareholders Assembly of OKTA AD.

The election of the acting member of the Board of Directors shall be immediately filed for registration in the Central Registry of the Republic of North Macedonia, and in any case within 3 (three) business days as of the election.

### 12.3 Statement of the non-existence of conflict of interest

In accordance with the provisions of the Law on Trade Companies ("Official Gazette of the Republic of Macedonia" nos. 28/2004, 84/2005, 25/2007, 87/2008, 42/2010, 48/2010, 24/2011, 166/2012, 70/2013, 119/2013, 120/2013, 187/2013, 38/2014, 41/2014, 138/2014, 88/2015, 192/2015, 6/2016, 30/2016, 61/2016, 64/2018 and 120/2018 and "Official Gazette of the Republic of North Macedonia" nos. 290/2020, 215/2021 and 99/2022) and the provisions of the Corporate Governance Code of the Macedonian Stock Exchange (hereinafter "CGC"), I [*enter name and personal identification information of the candidate for BoD membership*] give the following:

#### STATEMENT on the non-existence of a conflict of interest

By virtue of this Statement, I hereby confirm that there are no conflicts or potential conflicts of interest between my own interests and the interests of the Company. I also confirm that there are no conflicts of interest that may limit my ability, as a candidate for membership of the Board of Directors, to objectively and independently perform the competences, as well as the ability to carry out an independent and objective assessment of the matters related to the effective management of the Company, or to independently analyze the decisions of the Board of Directors to avoid following the collective views.

In the event of a potential conflict of interest, I confirm that I shall immediately inform the Board of Directors and I will not participate in the part of the meeting in which there is a discussion and/or decision made about the potential conflict of interest.

I confirm that I have read the Code of Conduct, Suitability Policy and the Conflict of Interest Policy of the Company and shall abide by the provisions contained therein, and will ensure that my dealings are transparent and in the interests of the shareholders of the Company.

Date: [INSERT DATE]

\_\_\_\_\_  
[Name]

[Signature]