

Conflict of interest management policy

I. INTRODUCTION

Article 1

The conflict of interest management policy is adopted with the aim of better regulation and improvement of the Company's corporate governance system.

II. POLICY IMPLEMENTATION

Article 2

This Policy applies to all members of the Company's Management Board and to all members of the Company's Supervisory Board (and all its committees) (hereinafter together: Executives) as well as to all Company employees (hereinafter: Employees).

III. PURPOSE AND OBJECTIVES OF THE POLICY

Article 3

The policy is a set of rules by which the Company establishes mechanisms for identifying, detecting and preventing conflicts of interest.

The policy establishes rules to avoid conflicts of interest as well as measures to deal with conflicts of interest.

IV. CONFLICT OF INTEREST

Article 4

Conflict of interest is any situation in which the own interests of Executives and/or Employees, and persons closely related to them are in any way opposed or are in conflict with the interests of the Company.

Conflicts of interest also exist in all situations where the benefit or potential benefit of information obtained based on position or employment in the Company is used for their own interests and/or to the detriment of the Company.

V. BASIC PRINCIPLES

Article 5

Executives will act in the best long-term interest of the Company and not in their own interest or in the interest of individual shareholders and/or other parties.

Executives and Employees must perform their duties conscientiously and independently, using the attention of a conscientious and good businessperson.

In assessing the Company's interests, Executives must take into account the interests of Employees, shareholders (including minority shareholders) and other stakeholders.

VI. CONFLICT OF INTEREST OF EXECUTIVES

Article 6

Executives are not allowed to:

- 1) make decisions based on personal interests or the interests of persons related to them and may not participate in decisions in relation to which they have a conflict of interest;
- 2) abuse his/her position in the Company for economic or professional gain;
- 3) use the Company's assets and funds in its own interest;
- 4) use, in order to pursue their own interests, information obtained in the performance of their duties and tasks, which is not available to the public;
- 5) enable a third party to gain benefits by disclosing confidential information about the Company.

VII. CONFLICT OF INTEREST OF MEMBERS OF THE MANAGEMENT BOARD OF THE COMPANY

Article 7

Conflict of interest of a member of the Management board exists especially, but not exclusively, in cases when a member of the Management board:

- 1) performs activities that are part of the Company's business for their own or someone else's account;
- 2) is also a member of the management board or supervisory board in another company that deals with business matters of the Company;
- 3) performs work for his own or for someone else's account in the Company's premises;
- 4) is also a member of a company who is personally responsible for the obligations of that company, if it is engaged in business from the subject of the Company's business;
- 5) participates in decision-making or concluding a legal transaction in which:
 - a) he/she is a legal representative, procurator or proxy of the other contracting party;
 - b) his/her other contracting party or legal representative, procurator or attorney of the other contracting party is a blood relative in the direct line to any degree, and in a collateral line to the second degree or he/she is a spouse, extramarital partner, or is the adoptive parent or the adoptee of the other contracting party, its legal representative, legal representative, procurator or proxy.

A conflict of interest exists when the Company gives a member of the Management Board, a procurator or a member of their immediate family a loan that exceeds the amount of the monthly salary of a member of the Management Board.

It is considered that there is no conflict of interest referred to in this Article if the Supervisory Board of the Company agrees to such conduct.

VIII. CONFLICT OF INTEREST OF THE MEMBERS OF THE SUPERVISORY BOARD OF THE COMPANY

Article 8

Conflicts of interest between a member of the Supervisory Board and his Committees may arise in situations where the own interest of a member of the Supervisory Board and his boards prevails over the interests of the Company, and in particular, but not exclusively, in the following situations:

- 1) if a member of the Supervisory Board and the Committee performs activities for which he is in market competition with the Company for his own or someone else's account;
- 2) in the event that a member of the Supervisory board and the Committee is also a member of the management board or supervisory board in another company that is in market competition with the Company or holds a significant share in that company;
- 3) in the event that a member of the Supervisory Board and the Committee enters into an agreement with the Company outside his/her duties as a member of the Supervisory Board and the Board without the prior consent of the Supervisory Board.

It is considered that there is no conflict of interest referred to in this Article if the Supervisory Board of the Company agrees to such conduct.

IX. CONFLICT OF INTEREST OF EMPLOYEE

Article 9

A conflict of interest of the Employee exists when the interests of the Employees or persons closely related to them with the interests of the Company itself are opposed.

Conflict of interest of the Employee exists especially, but not exclusively, in the case when the Employee:

- 1) for its own or someone else's account (for example, closely related persons) performs activities in which it is in market competition with the Company;
- 2) in the event that the Employee is also a member of the management board or supervisory board in another company that is in market competition with the Company or holds a significant share in that company;
- 3) enable a third party to gain benefits by disclosing confidential information about the Company.

And in all other cases when the interests of the Employee or persons closely related to him/her with the interests of the Company itself are opposed.

X. PROCEDURES FOR DETERMINING CONFLICTS OF INTEREST

Article 10

The Company's interest is to monitor and manage any identified or potential conflict of interest and, if necessary, take measures to reduce or eliminate conflicts of interest of Executives and Employees, in order to ensure their independence and objectivity in complying with the provisions of this Policy.

In cases where a conflict of interest cannot be avoided, Executives and Employees have the following duties in the process of determining a conflict of interest in accordance with this Policy:

- 1) the obligation to disclose to the competent person any conflict of interest,
- 2) the obligation to document any conflict of interest and
- 3) the obligation to act with the care of a good expert in accordance with the applicable regulations of the Republic of Croatia and other internal acts of the Company.

The following will not be considered a conflict of interest:

- legal transactions related to the use of hospitality services in the Company's properties in accordance with the conditions set by the Company's internal acts (for example in accordance with the provisions of the Regulation on prices and conditions of use of accommodation services and other hospitality services for employees and business partners)
- concluding employment contracts in accordance with the conditions set by internal acts and the needs of the Company (for example in accordance with the provisions of the Regulation on the internal organization and systematization of jobs and employment plans)
- legal transactions from the Company's regular operations (procurement of goods and services, assignment of work, sale of services, etc.) which are concluded according to market conditions and according to the conditions and selection procedure of certain internal acts of the Company (for example based on tenders according to the Procurement Regulation).

XI. OBLIGATION TO REPORT CONFLICTS OF INTEREST

Article 11

In accordance with the provisions of this Policy, Executives and Employees are obliged without delay upon the occurrence of events or circumstances that may be considered a conflict of interest (including suspicion of a particular situation or knowledge of a particular activity that could lead to a conflict of interest), or immediately after becoming aware of a circumstance that may be considered a conflict of interest, to notify the Company thereof.

Executives must immediately notify the Supervisory Board, the Management Board and the Management Board Office of the Company of all potential and actual conflicts.

Employees must report any conflict of interest or potential conflict of interest to their superior, the Company's Management Board Office and the competent member of the Management Board immediately.

If the Executive has reason to believe that the other Executive has not reported an existing or potential conflict of interest, he/she is obliged to inform the Chairman of the Supervisory Board. In case the Chairman of the Supervisory board is the person in the conflict of interest then the Deputy Chairman of the Supervisory board must be notified.

Executives and Employees must provide all necessary information regarding conflicts of interest, including all necessary information about closely related persons (spouse or common-law partner and life partner, children, all blood relations or in-laws up to the second degree and persons in the joint household).

In case of doubt regarding a certain situation and/or knowledge of a certain activity that could lead to a conflict of interest and/or in case of doubt whether a certain legal act is considered a conflict of interest according to the provisions of this Policy, Managers and Employees may request the opinion of the Management Board Office – Legal Affairs Department. If the Management Board Office – Legal Affairs Department determines that a certain situation/activity/legal act may present a conflict of interest pursuant to provided information given by the Manager and Employee, it will instruct them on their obligation to inform and report in accordance to the provisions of this Policy.

XII. CONFLICT OF INTEREST MANAGEMENT MEASURES

Article 12

The following procedures and measures may be taken to manage conflicts of interest:

- 1) exemption from participation in decision-making when deciding on an issue in respect of which the Executive or Employee is in a conflict of interest or potential conflict of interest;
- 2) the obligation to obtain prior consent for transactions from Executives, significant shareholders or Employee with the Company;
- 3) ban on trading in Company shares for Executives and Employees;
- 4) organizational separation and change of work of the Employee in order to prevent access to confidential information of the Company;
- 5) keeping a register of conflicts of interest and
- 6) conducting education.

XIII. DECIDING ON CONFLICT OF INTEREST

Article 13

Executives and Employees may not participate in the discussion and decision-making on a topic in relation to which they are considered to be in a conflict of interest and may not vote on that topic.

The Supervisory Board decides whether the reported (potential) conflict of interest of a member of the Supervisory Board or its committees is a conflict of interest in accordance with Article 8 of this Policy, without the presence of that member of the Supervisory Board or its committees.

The Management Board of the Company decides whether the reported (potential) conflict of interest of a member of the Management Board is a conflict of interest in accordance with Article 7 of this Policy, without the presence of that member of the Management Board, and also whether the reported (potential) conflict of interest of an Employee is a conflict of interest in accordance with Article 9 of this Policy, without the presence of that Employee.

XIV. REGISTER OF CONFLICTS OF INTEREST

Article 14

For the purpose of recording and preventing potential conflicts of interest, the Company maintains a Register of Conflicts of Interest, which records information and data that Executives and Employees are required to submit to the Company, which are or could be relevant to determine any conflict of interest.

Apart from the data from the previous paragraph, in the Register of conflict of interest shall also be recorded data on the requested and given opinions in accordance to the paragraph 6 of the Article 11 of this Policy.

The Management Board of the Company keeps the register of conflicts of interest in the form of an electronic record, permanently.

XV. MONITORING IMPLEMENTATION

Article 15

The implementation of this Policy is supervised by the Company's Internal Audit, which is obliged to review the conflict of interest management system and procedures related to conflicts of interest once a year.

Internal Audit reports to the Audit Committee and the Management Board of the Company on the efficiency, reliability and security of the system and procedures prescribed by this Policy at least once a year.