

**HANFA- Croatian Financial Services Supervisory Agency**  
Franje Račkoga 6  
10000 ZAGREB

**HANFA-Official Registry of Prescribed Information**

**Zagreb Stock Exchange**  
Ivana Lučića 2a  
10000 ZAGREB

**HINA – Croatian News Agency**  
[ots@hina.hr](mailto:ots@hina.hr)

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**Subject: General Assembly – convocation, invitation to the shareholders**  
*(General assembly - agenda, proposals, decisions of meeting)*

The Management Board of Valamar Riviera d.d., with registered office in Poreč, Stancija Kaligari 1, personal identification number (OIB) 36201212847 (hereinafter: the Company), pursuant to the provisions of the Companies Act, rendered on 29 July 2020 the decision to convoke the Company's General Assembly. It will be **held on 24 September 2020** at the Company's headquarter in Poreč, Stancija Kaligari 1, Parentium hall, starting at 11:00. Pursuant to the provisions of the Capital market Act and the Rules of the Zagreb Stock Exchange, the Management Board hereby submits for announcement the Invitation to the shareholders of the Company in its prescribed form, containing decision proposals.

We hereby announce that the Invitation to the shareholders will be submitted for publication on the court register's website. The full, prescribed form of the Invitation to the shareholders, including the documents for the General Assembly will also be released on the Company's website at [www.valamar-riviera.com](http://www.valamar-riviera.com), pursuant to existing regulations.

The Invitation is in the enclosed text.

Valamar Riviera d.d.

Pursuant to Article 277, paragraphs 2, 3 and 4 of the Companies Act and the Management Board Decision to convoke the General Assembly dated 29 July 2020, Valamar Riviera d.d. from Poreč, Stancija Kaligari 1 hereby announces

**INVITATION TO THE GENERAL ASSEMBLY OF THE SHAREHOLDERS OF VALAMAR RIVIERA d.d.**

We hereby inform the shareholders of Valamar Riviera d.d. from Poreč, Stancija Kaligari 1, that the **General Assembly will be held on Thursday, 24 September 2020 at the Company's headquarter in Poreč, Stancija Kaligari 1, Parentium hall, starting at 11:00.**

The General Assembly will be conducted according the following

**AGENDA:**

1. Presentation of the Annual financial statements for 2019 with the Auditor's report, and the Management and Supervisory Board Reports and the related:
  - a) Distribution of profit
  - b) Discharge grant to
    - i. members of the Management Board
    - ii. members of the Supervisory Board
2. Appointment of the Company's Auditor
3. Changes and amendments of Charter (Articles of Association)
4. The withdrawal of the treasury shares without decreasing the share capital
5. The remuneration policy

**DECISION PROPOSALS**

The Management Board and Supervisory Board (the Supervisory Board for items 2 and 5) propose that the General Assembly renders the following decisions:

**AD 1)**

1a) to distribute the Company's realized profits in 2019 totaling HRK 363,488,066.65 to the Company's retained profits

1b)

- i. The Management Board members are discharged from managing the Company's business in 2019
- ii. The Supervisory Board members are discharged from performing the supervision of the management of the Company's business in 2019

**AD 2)**

to appoint Ernst & Young d.o.o. za reviziju from Zagreb, 50 Radnička cesta, personal identification number (OIB): 58960122779 and UHY RUDAN d.o.o. za porezno savjetovanje i reviziju, from Zagreb, Ilica 213, personal identification number (OIB): 71799539000 as the Auditors for VALAMAR RIVIERA d.d. from Poreč in 2020.

**AD 3) CHANGES AND AMENDMENTS OF CHARTER  
(ARTICLES OF ASSOCIATION)**

According to Article 275 Paragraph 1 point 6 and Article 301 and referring to articles 173. Paragraph 3. and 4. of the Companies Act, the General Assembly of Valamar Riviera d.d., on the 24 September 2020 rendered the following

**D E C I S I O N  
ON CHANGES OF VALAMAR RIVIERA d.d. CHARTER (ARTICLES OF ASSOCIATION)**

Article 1

Article 9 of Valamar Riviera d.d. Charter from 4<sup>th</sup> of May 2017, (hereinafter: Charter) is changed as follows:

„Authorised share capital

Article 9

(1) The Management Board of the Company is authorised, with the prior consent of the Supervisory Board, to increase the share capital of the Company, by a single or several issues of new shares, but in the maximum amount of one-half of the share capital, that is to the maximum however from HRK 1,672,021,210.00 (one billion six hundred seventy two million twenty one thousand two hundred and ten kuna) by HRK 836,010,605.00 (eight hundred thirty six million ten thousand six hundred five kuna) to HRK 2,508,031,815.00 (two billion five hundred eight million thirty one thousand eight hundred fifteen kuna).

(2) The Management Board shall be authorized to issue shares for contributions in kind and rights.

(3) The authorization of the Management Board from the preceding paragraph shall be given for a maximum period of five years from the registration in the court register of the amended Articles of Association containing the authorization.

(4) The Management Board may issue new shares with the exclusion of pre-emptive rights of the shareholders of the Company.“

Article 2

All other provisions of the Charter stay unchanged.

Article 3

President of Management board is authorised to determine the clean text of the Charter after this resolution is brought.

Article 4

Management board and Supervisory board are obliged to submit the application to the court regarding changes of Charter of the Company, after this resolution is brought.“

**AD 4) THE WITHDRAWAL OF THE TREASURY SHARES  
WITHOUT DECREASING THE SHARE CAPITAL**

With reference to the meaning of the provisions of Article 352, paragraph 3 point 3 of the Companies Act, the General Assembly of Valamar Riviera d.d. on the 24 September 2020 rendered the following:

**DECISION  
on the withdrawal of the treasury shares without decreasing the share capital**

I

The Management Board is authorized, with the prior consent of the Supervisory Board, to withdraw all or a certain number (part) of the treasury shares of the Company without decreasing the share capital.

II

By the withdrawal of the treasury shares, the stake of the remaining shares of the Company's share capital increases.

III

The Management Board is hereby authorized to adjust the data on the number of the Company's shares in the Company's Articles of Association upon rendering the decision on the treasury shares withdrawal.

IV

The authorization to withdraw treasury shares shall be granted for a maximum period of five (5) years from the date of this decision.

V

This decision becomes effective on the day it is rendered.

**AD 5) THE REMUNERATION  
POLICY**

The Remuneration policy for the period of four years, from 2020 to 2023 is approved in accordance with the determination of the Supervisory Board in the text as follows:

“By invitation and within the meaning of Article 247.a paragraph 1. Of the Companies Act (NN 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; hereinafter: **Act**) the Supervisory Board of the company **Valamar Riviera Joint Stock Company for Tourism**, registered in the court register of the Commercial Court in Pazin with its headquarters in Poreč-Parenzo, Stancija Kaligari 1, PIN: 36201212847 (hereinafter: **Company**), at the Supervisory Board meeting held on 22 July 2020, has determined the following:

## REMUNERATION POLICY

### 1. INTRODUCTION

#### **How much does the remuneration contribute to the business strategy and long-term development of the company**

##### **(Article 247.a paragraph 1 item 1 of the Act)**

Valamar Riviera d.d. (hereinafter: **Company**) is the largest company in the tourism sector in the Republic of Croatia which sector is one of the key strategic branches with a significant share in the GDP. The Company's operations reflect the responsibility of such an important position, which is indicated by the core values which are an integral part of its business relations, corporate rules and standards, and business development and strategy. The Company strives to innovatively manage leisure tourism and create a stimulating corporate culture through corporate social responsibility, meanwhile creating added value for shareholders and taking care of sustainable development and local communities. Given the above, in order to attract top experts to the Company's Management Board, who will conduct company business with due diligence and responsibility in accordance with the established core values and business strategy of the Company, the remuneration policy of the Management Board is structured in a way which reflects these core values. It encourages the Company's development and responsible decision-making, rewards good performance and results, but also provides security and stability to board members in decision-making, which discourages them from taking unnecessary risks.

### 2. ALL FIXED AND VARIABLE REMUNERATION COMPONENTS AND THEIR SHARES IN TOTAL REMUNERATION

##### **(Article 247.a paragraph 1 item 2 of the Act)**

Remuneration of the Company's Management Board members can be divided into three categories: fixed remuneration, variable remuneration and other benefits, and together they make up the total remuneration of the Management Board.

In determining the amount and type of remuneration of the Management Board members, the Company took into account the salaries and positions of all its employees (Article 247.a, paragraph 1, item 7 of the Act). As one of the most desirable employers in the sector and in the country in general, the Company believes that adequate compensation, permanent investment in education and training as well as other working conditions that ensure a high level of quality of life and development for employees are the key to success and responsible and successful business. Remuneration of board members is proportional to the amount of work they perform, their high expertise and education, and the responsibility that arises from their position.

#### 2.1. Fixed remuneration

The fixed remuneration of the Management Board members consists of the basic monthly salary expressed in its gross amount.

Fixed remuneration is determined, both in absolute and relative terms, in a sufficient amount to provide financial security and stability, i.e. to enable a Management Board member to be independent of the variable part of remuneration.

Determined in such a way, the fixed part of their remuneration encourages responsible decision-making, eliminating the need to take unnecessary risks.

#### 2.2. Variable remuneration

Variable remuneration consists of bonuses which can be paid to a Management Board member in accordance with the results achieved in the business year (hereinafter:

**Bonuses**) and participation in the long-term incentive plan for key executives (hereinafter: **LTIP**).

The amount of the Bonus depends on the result in the previous business year, i.e. on the degree of realization of certain KPIs<sup>1</sup> and amounts to 8% or up to 100% of the annual gross salary.

The degree of participation in the LTIP is determined in accordance with the individual contract of the Management Board member.

Variable remuneration is conditioned by the criteria for payment in a way that rewards business management which achieves the sustainable development of the Company (Article 247a, paragraph 1, item 3a of the Act). Together with fixed remunerations, they are an ideal incentive for the Management Board to lead the Company's operations responsibly, without taking unnecessary risks, and with the aim of developing and creating added value in a sustainable and innovative way.

#### 2.2.1. Payment criteria

(Article 247.a paragraph 1 item 3. and 3.b of the Act)

- a) The criteria on which the realization of payment and the amount of the Bonus depends on are determined by the Supervisory Board of the Company.

The criteria for the payment of bonuses are objective financial criteria such as growth in operating income, EBITDA, improvement in EBITDA, share price on the Zagreb Stock Exchange, etc. and the assessment of the Supervisory Board on the qualitative improvement of the Company.

- b) The criteria for participation in the LTIP are determined by the Regulation on the LTIP.

Participation in the LTIP is calculated as the share of an individual Management Board member in the payment of an amount equal to a certain part of the increase in the annual market capitalization of the Company's shares on the Official Market of the Zagreb Stock Exchange d.d.

#### 2.2.2. Method and time of payment

- a) Members of the Management Board are entitled to the Bonus for the previous business year when the audited financial statements for the previous business year are approved by the Supervisory Board and the Bonus is paid without undue delay.

The bonus is paid in cash.

- b) Participation in the LTIP is paid by transferring the Company's shares.

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<sup>1</sup> **KPI ( key performance indicators )** are measurable objective values that show how effectively a certain company achieves set business goals.

The shares are distributed to the Management Board members by the end of June of the current business year for the previous business year (Article 247.a, paragraph 1, item 5.a of the Act).

**2.2.3. Limitations and return of the variable component of the remuneration**  
(Article 247.a paragraph 1 item 4 of the Act)

- a) The Company is not entitled to request the return of the Bonus from the Management Board members.
- b) The Company has the right to demand the return of shares received in accordance with the participation in the LTIP in the event of the end of term of a Management Board member pursuant to the conditions and in the manner prescribed by the Regulation on the LTIP.

Members of the Management Board are obliged to keep the shares for four years starting from the first of January of the year of allotment, and they are prohibited from share disposal during that period (Article 247a, paragraph 1, item 5.b of the Act).

Payment of part of the variable remuneration in shares contributes to the achievement of the Company's objectives by giving members of the Management Board an additional personal interest in the Company's sustainable business development and contributes to the closer alignment of interests of the Management Board and shareholders (Article 247a paragraph 1 item 5.c of the Act).

**2.3. Other benefits**

Members of the Management Board, pursuant to the applicable regulations of the Company, are entitled to other benefits and remunerations.

This type of income contributes to more efficient and simpler business activities, encourages the development of professional skills and further education of the Management Board members and provides them with additional personal development and additional security and stability.

Members of the Management Board are entitled to the use of a company vehicle and mobile phone for business and private purposes, and all maintenance burdens are borne by the Company.

Members of the Management Board have the right to covered travel expenses, membership in domestic and foreign professional organizations, additional professional education, etc.

The company may enter into life insurance contracts for the members of the Management Board in the name of which it pays policies to the insurer. The Company can additionally promote the healthcare of members of the Management Board in the form of physical checkups in renowned institutions and by the contracting of supplementary and additional health insurance policies.

**3. CONTRACT WITH THE PRESIDENT AND MEMBER OF THE MANAGEMENT BOARD  
(MANAGEMENT CONTRACT)**

**(Article 247.a paragraph 1 item 6 of the Act)**

3.1. Duration and termination of the contract (Article 247.a paragraph 1 item 6.a of the Act)

The contract is concluded for the term of office of an individual member of the Management Board.

The contract is terminated by fulfilling the preconditions determined by law or the contract; upon expiration of the period for which it was concluded, termination, cancellation, etc.

The notice periods are determined by each individual contract.

3.2. Severance pay (Article 247.a paragraph 1 item 6.b of the Act)

The right to severance pay, its amount and the preconditions for payment for Management Board members are determined pursuant to each individual contract.

3.3. Pension and health insurance (Article 247a paragraph 1 item 6.a of the Act)

The Company withholds contributions for mandatory pension and health insurance from both the fixed and the variable remuneration of Management Board members.

**4. CONFLICT OF INTEREST**

**(Article 247.a paragraph 1 item 8 of the Act)**

Management Board members are bound by coercive legislation to prevent conflicts of interest.

The Company applies the Corporate Governance Codes of the Zagreb Stock Exchange d.d. in its business activities, and the members of the Management Board are obliged to apply them in accordance with their contracts.

The contracts of the Management Board members contain provisions on the prohibition of market competition with the Company.

Contracts of the Management Board members contain provisions restricting the participation of Management Board members in other companies, both in membership and in the bodies of other companies.

Contracts of the Management Board members contain provisions on the confidentiality.

**5. ADOPTION OF THE REMUNERATION POLICY**

**(Article 247.a paragraph 1 item 8 of the Act)**

The Company's remuneration policy is determined by the Company's Supervisory Board.

The established remuneration policy is submitted by the Supervisory Board to the General Assembly of the Company for approval.

The preparation of the proposal of the decision on the remuneration policy, implementation and supervision over the implementation of the remuneration policy is performed by the Presidency of

the Supervisory Board in the capacity of the Supervisory Board committee whose scope of work includes remuneration and rewards.

The Supervisory Board may temporarily deviate in all parts from the remuneration policy if this is necessarily required for the long-term well-being of the Company, in accordance with the procedure established by the Supervisory Board (Article 247a, paragraph 2 of the Act).

## **6. REMUNERATION OF SUPERVISORY BOARD MEMBERS**

Members of the Supervisory Board receive a reward for their work in accordance with a special decision of the General Assembly of the Company. The amount of the reward is determined by the General Assembly in that decision.

The Company is currently applying the decision on the remuneration of the Supervisory Board members of the Company established on May 8<sup>th</sup> 2018.

All taxes, surcharges, contributions and/or other benefits are deducted by the Company from the gross amount of the reward.

In addition to the remuneration for work, the Company covers all travel expenses for Supervisory Board members incurred as a result of their work.

## **7. FINAL PROVISIONS**

This remuneration policy is set for a period of four years, from 2020 to 2023.

The remuneration policy enters into force on the day it is approved by the General Assembly of the Company. If the General Assembly does not approve the remuneration policy, the Supervisory Board will submit its revised remuneration policy to the next General Assembly which will vote on it.

The decision of the General Assembly and the remuneration policy are published and made available free of charge for a period of ten years, immediately after the General Assembly, on the Company's website."

## **INSTRUCTIONS FOR SHAREHOLDERS' PARTICIPATION AT THE GENERAL ASSEMBLY AND SHAREHOLDERS' RIGHTS:**

The total number of shares issued with voting rights is 126,027,542, and the total number of voting rights on the day this invitation is announced is equal to 121,887,907 shares, taking into account the one-share-one vote rule and treasury shares having no voting rights.

Shareholders can participate at the Assembly in person or represented by an attorney. Shareholders can participate and vote at the Assembly if they register their participation at the Company, six (6) days before the day of the holding of the Assembly, according to Article 279 of the Companies Act (hereinafter: CA), or if the participation registration is received by the Company's registered office in Poreč, 1 Stancija Kaligari by **17 September 2020** at the latest.

The status in the register of the Central Depository and Clearing Company on the last day of the participation notice period, will be applied to determine the number of votes an individual shareholder is entitled to as well as to determine who is considered to be a shareholder.

Shareholders who wish to participate to the General Assembly through an attorney must enclose a written power of attorney to their participation registration unless they already have their issued general powers of attorney (until revocation) deposited at the Company. The power of attorney must specify who is giving it and to whom it has been given, the total number of shares i.e. voting rights, the authorization to vote at the Company's General Assembly, and the signature of the shareholder who gives the power of attorney. If the shareholder is a legal entity, the excerpt from the court register or its copy must also be enclosed to the power of attorney, from which it is visible that the legal representative of the legal entity has signed the power of attorney.

Considering the extraordinary circumstances caused by COVID-19, the Company shall ensure the application of the protection measures in accordance to the relevant decisions of the competent authorities during the holding of the General Assembly. The Company shall additionally make available the representatives through which the shareholders can realize its right to participate at the General Assembly and that:

1. Joint law office Tajana Kozarčanin Ostojić, Manuela Vnuk i Andreja Valjan Balenović, Miramarska 24, Zagreb, contact: tel. 01 6005 679, e-mail: [tajana@odvjetnickiured.com](mailto:tajana@odvjetnickiured.com), [manuela@odvjetnickiured.com](mailto:manuela@odvjetnickiured.com), [andreja@odvjetnickiured.com](mailto:andreja@odvjetnickiured.com)
2. Attorney at law Alen Kalčić, Partizanska 13, Poreč, contact: tel. 052 433 714, mobile phone: 091 5388 451, e-mail: [alen.kalcic@pu.t-com.hr](mailto:alen.kalcic@pu.t-com.hr)

The Company shall bear the costs of representations of the shareholders through the above mentioned representatives.

The shareholder who failed to apply his intention for participation at the General Assembly in the prescribed period cannot participate to the General Assembly.

If shareholders who together hold the twentieth part of the share capital request that an item is added to the agenda and announced after the General Assembly has been convoked, they must render an explanation and decision proposal for each new agenda item. The Company must receive the request for adding a new item to the agenda at least 30 days before the holding of the General Assembly. The day a request is received by the Company is not included in this period.

The shareholders' proposals specifying their names and surnames, pursuant to Article 282 of the CA, must be made available to the persons specified in paragraphs 1 to 3 of Article 281 of the CA under circumstances specified there, providing that shareholders deliver their counterproposals at the Company

address at least 14 days before the day of the holding of the General Assembly. The day on which the Company receives the proposal is not included in the 14-day period. The proposals must be made available on the Company website. If a shareholder does not exercise this right, it does not result in the loss of right to place a counterproposal at the General Assembly. This is applied to shareholders' counterproposals for the appointment of Supervisory Board members or Company's Auditor as well. Pursuant to Article 287 of the CA, upon individual shareholder's request, the Management Board is required to inform the shareholder on the Company's business if this is deemed necessary for deciding on certain items of the agenda.

The written documents for the General Assembly, the Invitation including the agenda, the participation registration form and power of attorney are available to shareholders from the Company's webpage: [www.valamar-riviera.com](http://www.valamar-riviera.com) and at the Company's registered office in Poreč, 1 Stancija Kaligari. The said documents are available starting from the date of the publication of the invitation on the court register's website, on working days except Saturdays from 09:00 to 12:00.

If the General Assembly is without quorum, according to the provisions of Article 15 of the Statute, the next General Assembly will be held on 1 October 2020 at the Company's headquarter in Poreč, Stancija Kaligari 1, Parentium hall, starting at 11:00.

In order to register and prepare the list of participants at the General Assembly on time, the shareholders are kindly asked to arrive at least 30 minutes before the start of the General Assembly.

MANAGEMENT BOARD OF VALAMAR RIVIERA d.d.

## EXPLANATION OF THE PROPOSED DECISIONS FOR THE GENERAL ASSEMBLY

AD 1) Pursuant to the provisions of the Companies Act, the Management Board and Supervisory Board have determined the prescribed non-consolidated and consolidated annual financial and other reports for the year 2019 and present them to the General Assembly. Pursuant to the Capital Market Act, the prescribed reports for the year 2019 were published on 28 February 2020, and have been available since on the Zagreb Stock Exchange website and the Company website as well. In addition, according to business policy and the needs of the Company's further development, the Management Board and Supervisory Board propose to distribute the Company's realized profits in 2019 totaling HRK 363,488,066.65 to the Company's retained profit.

Pursuant to the provisions of Article 276 of the Companies Act, it is proposed that the members of the Management Board and Supervisory Board are granted discharge.

AD 2) Pursuant to Article 280, paragraph 3 of the Companies Act, and according to the Audit Committee's opinion which had previously assessed the submitted offers of auditing firms, the Supervisory Board determined the proposal to appoint Ernst & Young d.o.o. za reviziju from Zagreb, Radnička cesta 50, OIB: 58960122779 and UHY RUDAN d.o.o. za porezno savjetovanje i reviziju from Zagreba, Ilica 213, OIB: 71799539000 as the Company's Auditors in 2020. The Supervisory Board determined the proposal for the appointment of two auditors, since the Company is obliged to contract a statutory audit with at least two mutual independent auditors, pursuant to the provision of Article 43 paragraph 2 of the Audit Act.

AD 3) The Management Board and Supervisory Board determined the proposal of decision on changes of Charter (Articles of Association) since the period of 5 years of the Management Board's previously given authorization, with the prior consent of the Supervisory Board, to increase the share capital expired on 17/05/2020. The proposed decision extends the current authorization to increase the share capital for further period of 5 years from the day of entry the changes of the Articles of Association in the court register.

AD 4) Pursuant to Article 352 paragraph 3 item 3 of the Companies Act, the Management Board and Supervisory Board determined the proposal of decision on withdrawal the treasury shares without decreasing the share capital. The proposed decision enables to reduce the number of shares by withdrawal of the treasury shares without reducing the share capital. With the withdrawal of the treasury shares, the stake of remaining shares in the Company's share capital increases, while possible withdrawal represents an alternative to the sale of own shares in circumstances of possible adverse stock market movements.

AD 5) Pursuant to the provision of the Article 247.a paragraph 1 of the Companies Act, the Supervisory Board of the Company determined the Remuneration policy for board members for a period of four years, from 2020 to 2023. Pursuant to the provision of the Article 276.a of the Companies Act, the remuneration policy enters into force on the day it is approved by the General Assembly of the Company. If the General Assembly does not approve policy, the Supervisory Board will submit its revised policy on the first next General Assembly.

The decision of the General Assembly and the remuneration policy are published and made available free of charge for a period of ten years, immediately after the General Assembly, on the Company's website.