

Valamar Riviera d.d.

Poreč, Stancija Kaligari 1

- **GENERAL ASSEMBLY** –

Poreč, April 24, 2024

Valamar Riviera d.d.'s General Assembly on April 24, 2024 rendered the following

## **DECISION**

The Remuneration Policy is being approved for the period of 4 (four) years, starting from 2024 until 2027, all according to the following text determined by the Supervisory Board:

“By invitation and within the meaning of Article 247.a Paragraph 1. of the Companies Act (hereinafter: **Act**) the Supervisory Board of the company **Valamar Riviera dioničko društvo za turizam**, registered in the Court Register of the Commercial Court in Pazin with its headquarters in Poreč-Parenzo, Stancija Kaligari 1, PIN: 36201212847 (hereinafter: the **Company**), at the Supervisory Board meeting held on February 28, 2024, has determined the following:

## **REMUNERATION POLICY**

### **1. INTRODUCTION**

**Determination of the maximum amount of the Management Board members' remuneration and how much does the remuneration contribute to the business strategy and long-term development of the Company (Article 247.a Paragraph 1. Point 1. of the Act)**

Valamar Riviera d.d. (hereinafter: **the Company**) is the largest company in the tourism sector in the Republic of Croatia, which sector represents one of the key strategic branches with a significant share in the GDP of the Republic of Croatia. The Company's operations reflect the responsibility of such an important position, which is reflected in 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 Management 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. Point 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 members. (Article 247.a Paragraph 1. Point 1. of the Act). The total remuneration of the Management Board members can amount to a maximum of the total fixed annual salary of an individual Management Board member together with an annual bonus not exceeding the fixed salary and participation in the Company's long-term incentive plan of up to 9% of the sum of 1.5% of the annual increase in the Company's market capitalization and 1.5% of the annual increase in the Company's business value. The share of a particular type of income in the total income of an individual member of the Management Board depends on the realization of the

right to variable income, whereby, in principle, fixed income - annual salary, represents the predictable largest share in the total income. The variable part of the remuneration can amount from 16.67% to 100% of the total annual fixed salary, while participation in the long-term incentive plan amounts up to 9% of the amount equal to the sum of 1.5% of the annual increase in the Company's market capitalization and 1.5% of the annual increase in the Company's business values. (Article 247.a Paragraph 1. Point 3. of the Act).

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, Point 9 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 Management 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 result 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 on an annual level it can amount from an additional two to an additional twelve average monthly gross salaries paid to an individual Management Board member.

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 247.a, Paragraph 1., Point 4 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, thereby contributing to the business strategy and long-term development of the Company.

##### 2.2.1. Payment criteria and determining methods (Article 247.a Paragraph 1. Point 4. and 4.b of the Act)

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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.

- 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. and the growth of the Company's business value.

The fulfillment of the criteria for payment is to be determined by the Supervisory Board as part of the supervision of the management of the Company's affairs, by determining the relevant facts by consulting the corresponding documents, reports and publicly available data.

#### 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 reports for the previous business year are approved by the Supervisory Board and the Bonus is paid without undue delay.

The bonus shall be paid in cash.

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

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., Point 7.a of the Act).

#### 2.2.3. Limitations and return of the variable component of the remuneration (Article 247.a Paragraph 1. Point 6 and Point 7.b 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 - January 1<sup>st</sup> of the year of allotment, and they are prohibited from share disposal during that period (Article 247.a, Paragraph 1., Point 5.b of the Act).

Payment of a part of the variable remuneration in shares contributes to the achievement of the Company's objectives by giving the Management Board members an additional personal interest in the Company's sustainable business development and also contributes to the closer alignment of interests of the Management Board and

shareholders (Article 247.a Paragraph 1. Point 7.c of the Act), and which all contributes to the business strategy and long-term development of the Company.

### 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 use the Company's vehicles and mobile phones both for business and private purposes, and all maintenance burdens are borne by the Company.

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

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

## 3. **CONTRACT WITH THE PRESIDENT AND MEMBER OF THE MANAGEMENT BOARD (MANAGEMENT CONTRACT)** **(Article 247.a Paragraph 1. Point 8 of the Act)**

### 3.1. Duration and termination of the contract (Article 247.a Paragraph 1. Point 8.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 and 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. Point 8.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 247.a Paragraph 1. Point 8.c 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**

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.

The 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. Point 10 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 decision proposal on the remuneration policy, implementation and supervision over the implementation of the remuneration policy is performed by the Presidium 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 of 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 247.a, 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, applying the principles expressed in this Remuneration Policy.

Regarding the data on the remuneration of the Supervisory Board members, the data specified in this Remuneration Policy shall be applied accordingly.

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

In addition to the remuneration for the 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 2024 to 2027, and it shall completely replace the Remuneration Policy established in 2020 for the period from 2020 to 2023.

This Remuneration Policy was established by the Supervisory Board of the Company on February 28, 2024, and will be submitted for approval to the Company's General Assembly.

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 websites."