



**CROATIA[®]
OSIGURANJE**

CROATIA insurance company plc.,
Vatroslava Jagića 33, 10000 Zagreb HR
www.crosig.hr



SECURITIES: CROS / CROS-R-A / HRCROSRA0002
CROS2 / CROS-P-A / HRCROSPA0004

LISTING: Official market of the Zagreb Stock Exchange (Zagrebačka burza d.d.)

LEI: 74780000M0GHQ1VXJU20

HOME MEMBER STATE: Republic of Croatia

**CROATIAN FINANCIAL SERVICES
SUPERVISORY AGENCY**

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ZAGREB STOCK EXCHANGE

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**CROATIAN NEWS AGENCY (HINA – OTS)
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In Zagreb, 04 May 2021

**Submission of Announcement of Convocation of the 49th General Assembly of
CROATIA osiguranje d.d.**

(General Assembly)

Herewith we enclose the Announcement of Convocation of the 49th General Assembly of CROATIA osiguranje d.d., which is to be held on 18th June 2021 at 11:00 hours, at the Company's Head Office in Zagreb, Vatroslava Jagića 33.

Sincerely,

CROATIA osiguranje d.d.

Pursuant to the provision of Article 277 of the Companies Act and Article 33 of the Articles of Association of CROATIA osiguranje d.d. as of 26 February 2020, the Management Board of CROATIA osiguranje d.d. issued the Decision on Convocation of the 49th General Assembly, and hereby invites the shareholders to the

**49th General Assembly of CROATIA osiguranje d.d.
to be held on 18 June 2021, at 11:00 hours
at the Company's head office in Zagreb, Vatroslava Jagića 33**

I. The following agenda is determined for the 49th General Assembly:

- 1 Review of the Management report for 2020 and Statements on implementing corporate governance code
- 2 Review of the Supervisory Board's Report on Performed Supervision of Business Management of the Company for 2020
- 3 Review of the Annual Consolidated and Non-consolidated Financial statements for 2020, jointly approved by the Management Board and the Supervisory Board of CROATIA osiguranje d.d., and related thereto the following:
 - a Issuing of Decision on the Utilization of Profit of CROATIA osiguranje d.d. realized in 2020
 - b Issuing of Decision on Granting Discharge to Members of the Management Board of CROATIA osiguranje d.d.
 - c Issuing of Decision on Granting Discharge to Members of the Supervisory Board of CROATIA osiguranje d.d.
- 4 Issuing of Decision on approval of the Remuneration Report for 2020
- 5 Issuing of Decision on recompense for the work of the members of the Supervisory Board of CROATIA osiguranje d.d.
- 6 Issuing of Decision on Appointment of Auditors of CROATIA osiguranje d.d. for 2021

II. PROPOSALS OF DECISIONS OF THE GENERAL ASSEMBLY

Ad 3 a Issuing of Decision on the Utilization of Profit of CROATIA osiguranje d.d. realized in 2020

Pursuant to the provision of Article 275, paragraph 1, item 2 of the Companies Act (Official Gazette 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) and Article 32 of the Articles of Association of CROATIA osiguranje d.d. as of 26 February 2020, the 49th General Assembly of CROATIA osiguranje d.d., held on 18 June 2021, issued the following

**DECISION
on the Utilisation of Profit of CROATIA osiguranje d.d. realized in 2020**

Article 1

It is determined that the company CROATIA osiguranje d.d. realized the profit (after taxation) in the amount of HRK 229,589,271.51 for the year ending on 31 December 2020.

Article 2

The realized profit after taxation shall be allocated to retained profit.

Article 3

On the basis of the rights belonging to the shareholders of the preference shares CROATIA osiguranje d.d. has reserved the amount of HRK 980,000.00 for the payment of the preference shares dividend in the Statement of comprehensive income for the year ending on 31 December 2020 and the amount of HRK 980,000.00 for the payment of the preference shares dividend in the Statement of comprehensive income for the year ending on 31 December 2019.

The dividend to the shareholders of the preference shares will be paid:

- in amount of HRK 980,000.00 for the year ending on 31 December 2020 and
- in amount of HRK 980,000.00 for the year ending on 31 December 2019.

Dividend on preference shares amounts to HRK 112.00 per share for the year 2020 and HRK 112.00 per share for the year 2019. The right to dividend payout (claims) belongs to all shareholders of the shares marked as CROS-P-A inscribed on their accounts of dematerialized securities that are registered in computational system of Central Depository and Clearing Company (CDCC) as of 25 June 2021, (record date). The day that sets start of stock trading without the right to dividend payments is 24 June 2021, (ex-date). The dividends payment day will be on 16 July 2021 (payment date).

Article 4

This Decision enters into force on the day of its issuance.

Ad 3 b Issuing of Decision on Granting Discharge to Members of the Management Board of CROATIA osiguranje d.d.

Pursuant to the provision of Article 275, paragraph 1, item 4 and Article 276 of the Companies Act (Official Gazette 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) and Article 32 of the Articles of Association of CROATIA osiguranje d.d. as of 26 February 2020, the 49th General Assembly of CROATIA osiguranje d.d., held on 18 June 2021, issued the following

DECISION

on Granting Discharge to Members of the Management Board of CROATIA osiguranje d.d.

It is determined that the Management Board of CROATIA osiguranje d.d. had the following members in 2020:

- 1 Davor Tomašković, Chairman of the Management Board in the period between 1 January 2020 and 31 December 2020
- 2 Robert Vučković, Member of the Management Board in the period between 1 January 2020 and 31 December 2020
- 3 Miroslav Klepač, Member of the Management Board in the period between 1 January 2020 and 17 April 2020
- 4 Vančo Balen, Member of the Management Board in the period between 18 April 2020 and 31 December 2020
- 5 Luka Babić, Member of the Management Board in the period between 18 April 2020 and 31 December 2020

The 49th General Assembly approves the work of the Management Board in 2020 and grants discharge to the members of the Management Board of CROATIA osiguranje d.d.

Ad 3 c Issuing of Decision on Granting Discharge to Members of the Supervisory Board of CROATIA osiguranje d.d.

Pursuant to the provision of Article 275, paragraph 1, item 4 and Article 276 of the Companies Act (Official Gazette 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) and Article 32 of the Articles of Association of CROATIA osiguranje d.d. as of 26 February 2020, the 49th General Assembly of CROATIA osiguranje d.d., held on 18 June 2021, issued the following

DECISION

on Granting Discharge to Members of the Supervisory Board of CROATIA osiguranje d.d.

It is determined that the Supervisory Board of CROATIA osiguranje d.d. had the following members in 2020:

- 1 Roberto Škopac, Chairman of the Supervisory Board in the period between 1 January 2020 and 31 December 2020*
- 2 Željko Lovrinčević, Vice Chairman of the Supervisory Board in the period between 1 January 2020 and 31 December 2020*
- 3 Vitomir Palinec, Member of the Supervisory Board in the period between 1 January 2020 and 31 December 2020*
- 4 Hrvoje Patajac, Member of the Supervisory Board in the period between 1 January 2020 and 31 December 2020*
- 5 Damir Vandelić, Member of the Supervisory Board in the period between 1 January 2020 and 31 December 2020*
- 6 Vlasta Pavličević, Member of the Supervisory Board in the period between 1 January 2020 and 31 December 2020*

The 49th General Assembly approves the work of the Supervisory Board in 2020 and grants discharge to the members of the Supervisory Board of CROATIA osiguranje d.d.

Ad 4 Issuing of Decision on approval of the Remuneration Report for 2020

Pursuant to the provision of Article 275, paragraph 1, item 3 and Article 276.a of the Companies Act (Official Gazette 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), and Article 32 of the Articles of Association of CROATIA osiguranje d.d., the 49th General Assembly of CROATIA osiguranje d.d. held on 18 June 2021, issued the following

DECISION

on approval of the Remuneration Report for 2020

Article 1

Remuneration Report for 2020 is approved in the text that was published as the Attachment No. 1 to the Invitation to this General Assembly, together with Auditor Report, and which make an integral part of this Decision.

Article 2

This Decision enters into force on the day of its issuance.

Ad 5 Issuing of Decision on recompense for the work of the members of the Supervisory Board of CROATIA osiguranje d.d.

Pursuant to the provision of Article 269 of the Companies Act (Official Gazette 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), and Article 32 of the Articles of Association of CROATIA osiguranje d.d., the 49th General Assembly of CROATIA osiguranje d.d., at the proposal of the Supervisory Board, held on 18 June 2021, issued the following

DECISION
on recompense for the work of the members of the Supervisory
Board of CROATIA osiguranje d.d.

Article 1

Decision on recompense for the work of the members of the Supervisory Board of CROATIA osiguranje d.d. is approved in the text of the proposal that was published as the Attachment No. 2 to the Invitation to this General Assembly, and which makes an integral part of this Decision.

Article 2

This Decision enters into force on the day of its issuance.

Ad 6 Issuing of Decision on Appointment of Auditors of CROATIA osiguranje d.d. for 2021

Pursuant to the provision of Article 275, paragraph 1, item 5 of the Companies Act (Official Gazette 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), Article 43, paragraph 2 of the Audit Act (Official Gazette No. 127/17) and Article 32 of the Articles of Association of CROATIA osiguranje d.d., the 49th General Assembly of CROATIA osiguranje d.d., at the proposal of the Supervisory Board, held on 18 June 2021, issued the following

DECISION
on Appointment of Auditors of CROATIA osiguranje d.d. for 2021

Article 1

Following companies are appointed as Auditors of CROATIA osiguranje d.d. for the year 2021:

- Deloitte d.o.o., PIN 11686457780, Zagreb, Radnička cesta 80, for the audit of financial reports for 2021 and*
- PricewaterhouseCoopers d.o.o., PIN 81744835353, Zagreb, Heinzelova 70, for the audit of the consolidated financial reports of CROATIA osiguranje d.d. for the purpose of consolidation of Adris grupa d.d. for business year 2021.*

Article 2

This Decision enters into force on the day of its issuance.

III. NOTICE TO SHAREHOLDERS AND INSTRUCTIONS FOR PARTICIPATION AND EXERCISING VOTING RIGHTS

APPLICATION

Shareholders who wish to participate in the General Assembly are obliged to apply for participation in writing. The application is to be submitted directly at the Company's head

office or sent by registered mail to the following address: CROATIA osiguranje d.d., Legal Department, Vatroslava Jagića 33, 10000 Zagreb (with the wording: Application for General Assembly), six days prior to the General Assembly being held.

The said deadline of 6 days does not include the day when the application is received by the Company, or the day of the General Assembly session, i.e. the right to participate and vote in the General Assembly shall be granted to those shareholders whose application is received at the above stated address on 11 June 2021 at the latest, and who are registered as shareholders of CROATIA osiguranje d.d. with the Central Depository and Clearing Company (GDCC) on that same day.

If the shareholder is a legal person, the application form shall be certified by its usual stamp and signed by an authorized person, with the excerpt from the court register enclosed. If the shareholder is a natural person, the application form shall be signed by him/her personally. The application form is available to all shareholders at the Company's website www.crosig.hr.

POWER OF ATTORNEY

A shareholder fills out the power of attorney by writing down the correct name/company name of a legal person, its seat, personal identification number (PIN) and the account number with GDCC, or the correct name and family name of a natural person, their address, personal identification number (PIN) and the account number with GDCC. When the shareholder appoints a proxy, the power of attorney form should contain the following data written in capital letters on the line provided for that purpose: name and family name of the proxy, personal identification number (PIN) as well as his/her residence/address. If the shareholder is a legal person, the power of attorney shall be certified by its usual stamp and signed by an authorized person, with the excerpt from the court register enclosed.

If the shareholder is a natural person, the power of attorney shall be signed either in the presence of an authorized employee of the Legal Department at the Head Office of CROATIA osiguranje d.d. prior to the General Assembly meeting, or the signature has to be certified by a Notary Public.

Please send the filled out power of attorney for shareholder's representation at the General Assembly enclosed with the application for participation in the General Assembly. The power of attorney form, with detailed explanations on how it should be filled out, is available to all shareholders at the Company's website www.crosig.hr.

Proof of appointment of a proxy (a scan of the signed power of attorney) may also be sent by e-mail to: gs@crosig.hr, whereas the original is to be submitted to the authorized employees of the Company on the day of the General Assembly meeting.

MATERIALS FOR GENERAL ASSEMBLY

This invitation, together with the application form, power of attorney form and all the materials for the 49th General Assembly shall be available to the shareholders at the Company's website www.crosig.hr from the day of publication of this invitation on the website of the Court Register. All the materials for the 49th General Assembly of CROATIA osiguranje d.d. shall also be available at the Company's registered head office, in the Legal Department.

PROPOSING NEW AGENDA ITEMS

Shareholders who jointly hold a twentieth of the share capital of the Company have the right to request that an additional item be included in the agenda of the General Assembly,

whereupon the new agenda item should be accompanied by an explanation and respective decision proposal.

Such request has to be received by the Company at least 30 days prior to the General Assembly meeting. This deadline does not include the day the request is received by the Company.

SHAREHOLDERS' COUNTERPROPOSALS

Shareholders' counterproposals to the proposals of the Management Board and the Supervisory Board of the Company, relating to a particular agenda item, submitted with names and surnames of the shareholders and an accompanying explanation, as well as the shareholders' proposals regarding the appointment of Supervisory Board members or appointment of the Company's auditor, submitted without an explanation, have to be received at the Company at least 14 days prior to the day of General Assembly meeting. The date on which such counterproposals are received by the Company shall not be included in this 14-day deadline. If a shareholder does not exercise this right, he/she shall still be entitled to make counterproposals at the General Assembly meeting.

RIGHT TO INFORMATION

At the General Assembly meeting, the Management Board is obliged to provide information about the Company's operations to any shareholder at his/her request, in case this information is necessary to judge the issues included in the agenda. However, such information may be withheld due to the reasons defined in the Companies Act.

GENERAL INFORMATION FOR SHAREHOLDERS

CROATIA osiguranje d.d. informs the shareholders that, at the moment of issuing the Decision on Convocation of the 49th General Assembly, the share capital of CROATIA osiguranje d.d. is divided in 429,697 shares in nominal value of HRK 1,400.00, of which 307,598 are ordinary registered shares of the 1st issue, marked CROS-R-A; 113,349 are ordinary registered shares of the 2nd issue, marked CROS-R-A; and 8,750 are preference registered shares of the 1st issue, marked CROS-P-A, with each share entitling to one vote.


Pursuant to Article 277, paragraph 4, item 4 of the Companies Act, CROATIA osiguranje d.d. informs the shareholders that all information pursuant to Article 280a of the Companies Act is available at the Company's website www.crosig.hr.

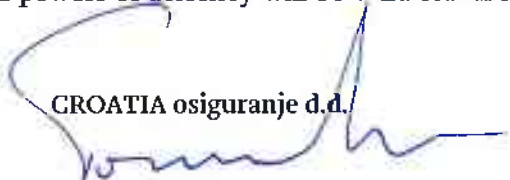
The participants are invited to arrive at the General Assembly meeting 30 minutes prior to its scheduled beginning, so that the list of participants can be made in a timely manner.

Pursuant to the Articles of Association of CROATIA osiguranje d.d., the General Assembly cannot adopt valid decisions unless attended by shareholders whose shares represent a half of the total share capital of the Company.

In case the quorum is not met, pursuant to the provision of Article 36, paragraph 2 of the Articles of Association of CROATIA osiguranje d.d., the next General Assembly meeting shall be held on 18 June 2021, at 15:00 hours, with the same agenda and at the same venue, and this General Assembly shall be able to adopt valid decisions notwithstanding the amount of the share capital represented. Granted powers of attorney will be valid for this General Assembly as well.

In Zagreb, 30 April 2021

Member of the Management Board

Luka Babić

CROATIA osiguranje d.d.

Chairman of the Management Board
Davor Tomašković



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OSIGURANJE**

CROATIA osiguranje d.d.
Vatroslava Jagjića 33, 10 000 Zagreb
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*Attachment No. 1 to the Invitation to the 49th General Assembly of CROATIA osiguranje d.d.
Remuneration Report for 2020
Auditor Report*

Croatia osiguranje d.d.

**Independent limited assurance report
on the Remuneration Report for the year 2020**



Independent limited assurance report on the Remuneration Report for the year 2020

To the Management Board and Supervisory Board of CROATIA osiguranje d.d.

Subject matter

Pursuant to the provisions of Article 272r item 3 of the Companies Act and the contract concluded with CROATIA osiguranje d.d. (the "Company"), we performed a limited assurance engagement of the accompanying Remuneration report for the year ended 31 December 2020 (the "Remuneration Report") prepared by the Company's Management Board.

Reporting criteria

The applicable reporting criteria 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.

Management and Supervisory Board's responsibilities

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

- preparing the Remuneration Report for the year 2020 in accordance with 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 2020 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.

The Company's Management Board is also responsible for maintaining an internal control system that provides limited assurance that the information described above is free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to report on the Remuneration Report in accordance with the requirements of Article 272r item 3 of the Companies Act. We performed a limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised) - *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our independence and quality control

We apply International Standard on Quality Control 1 and, accordingly, maintain a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Commercial Court in Zagreb, no. Tt-99/7257-2, Reg. No.: 080238978; Bank ID No.: 81744835353; Founding capital: HRK 1,810,000.00, paid in full; Management Board: J. M. Gasparac, President; S. Dusic, Member; T. Macasovic, Member; Giro-Account: Raiffeisenbank Austria d.d., Petrinjska 59, Zagreb, IBAN: HR8124840081105514875.



We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Federation of Accountants, based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

We have performed the following procedures regarding the subject matter:

- we inquired of members of Management, 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 2020 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 2020;
- 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 provisions of Article 272r items 1 and 2 of the Companies Act.

The nature and extent of our procedures were determined based on our risk assessment and our professional judgment in order to obtain limited assurance.

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.

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

Limited assurance conclusion

Based on our work performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Remuneration Report for the year ended 31 December 2020 is not prepared in accordance with the requirements specified in Article 272r items 1 and 2 of the Companies Act.

Restriction of distribution and use

This report has been prepared solely for the Management Board in accordance with the agreement between us, to assist the Company in reporting the Remuneration Report, and is intended solely for the purposes specified in Article 272r item 3 of the Companies Act. We permit this report to be disclosed in the Company's web page in accordance with Article 272r item 4 of the Companies Act. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Management Board for our work or this report, except where such terms are expressly agreed in writing.

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.



The Company's Management Board is responsible for placing the Remuneration Report on the Company's web-site and for accuracy of such information. The scope of our performed work does not include reviewing these matters; consequently, we do not assume any responsibility for any amendments that might have been made to the Remuneration Report underlying this Independent limited assurance report or any differences between the report issued by us and the information presented on the Company's web-site.

PricewaterhouseCoopers d.o.o.
Heinzelova 70, Zagreb
14 April 2021

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.



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CROATIA osiguranje d.d.

REMUNERATION REPORT

Zagreb, March 2021



Pursuant to Article 272.r of the Companies Act (Official Gazette 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 111/12, 125/11, 68/13, 110/15, 40/19, hereinafter: "the Companies Act"), the Management Board and the Supervisory Board of Croatia osiguranje d.d. hereby adopt the following:

REMUNERATION REPORT for 2020

1 INTRODUCTION

CROATIA osiguranje d.d. (hereinafter: "the Company") is the largest and oldest insurance company in Croatia. We are a market leader particularly focused on digitalisation and responding to challenges of the future. For over a century, we have been continuously investing resources in the development of new products and supporting projects that encourage positive social change. Croatia osiguranje d.d. is a leader in the Croatian insurance market, a successful member of Adris Group and a reliable partner to all internal and external stakeholders. Our business operations are driven by excellence, social responsibility and dedication, with the aim of achieving continuous growth and providing our clients with top-quality services.

In accordance with Article 247.a of the Companies Act, on 22 May 2020, the Company's Supervisory Board adopted the Company's Remuneration Policy, which was approved by the Company's General Assembly at a meeting held on 3 July 2020 (hereinafter: "the Remuneration Policy"). The Policy applies to the fiscal year in which it was adopted. The Remuneration Policy is the Company's fundamental document which pertains to establishing a system of defining the remuneration and reward policy for the Company's Management Board. The Policy complies with the Company's and the Group's business strategy, tradition, objectives, values and long-term interests.

The Remuneration Report provides an overview of the remuneration of the Company's Management and Supervisory Board members.

1.1 Main principles of the Company's Remuneration Policy

As part of its corporate strategy, the Company's aim is to strengthen and expand its position as the leading insurance company in Croatia and the region even further and to remain a leader by the criteria of competitiveness, profitability and innovativeness. In other words, the Company's principal strategic focus is on achieving growth and adjusting its procedures according to long-term and sustainable success of the Company and the Group.

The Company's Supervisory Board established the Remuneration Policy in a manner that it incentivises the Company's Management Board members to ensure long-term success of the Company and the Group as a whole, at the same time defining an appropriate combination of fixed and variable remuneration.



Fixed remuneration is paid as base salary with other common benefits, while variable remuneration comprises short-term remuneration in the form of annual bonus and long-term remuneration in the form of multiannual bonus, where variable remuneration is limited by a maximum portion of the fixed remuneration. The Remuneration Policy also provides for defining different fixed and variable remuneration in relation to the Chairman and members of the Management Board, taking into account the position and responsibility of individual persons and performance analysed on an individual basis, but also on the basis of achieving the Company's and the Group's financial and nonfinancial objectives arising from the long-term business strategy. Variable remuneration is usually focused on a multiannual assessment, which takes into account positive and negative changes in the Company's and the Group's performance.

Regarding the reward system, the Company's Supervisory Board is entitled to temporarily deviate from the Remuneration Policy in accordance with Article 247.a, paragraph 2 of the Companies Act if such action is necessary for the long-term benefit of the Company.

The Remuneration Policy is examined and revised every fiscal year and the Supervisory Board decides whether additional adjustments or amendments to the adopted Remuneration Policy are required, taking into account the state of the market and the Company's economic environment. In that regard, the main focus is on examining whether the Company's Remuneration Policy is purposeful and adequate.

1.2 Financial reporting year

The main characteristic of the financial reporting year was operating during the COVID-19 pandemic and other local challenges (e.g. earthquakes in Zagreb and Sisak-Moslavina County). As part of adjustments of our business operations to such unexpected circumstances, between 1 April and 30 June 2020, the managers' (including the Management Board members') monthly base salaries were reduced by 10%, while variable remuneration was reduced by 25% in relation to the amounts that may have been expected considering the business performance in 2019.

2 TOTAL REMUNERATION OF MANAGEMENT BOARD MEMBERS

2.1 Total remuneration of Management Board members

In accordance with the Remuneration Policy and Article 272.r, paragraph 1, item 1 of the Companies Act, below is an overview of total fixed and variable remuneration of the Company's Management Board members subject to the Remuneration Policy, their percentage shares in total remuneration, an explanation as to how remuneration was adjusted to the applicable Remuneration Policy, including how it supports the Company's long-term success and how the criteria for measuring success were applied.

Members of the Management Board in 2020:

1. Mr. Davor Tomašković, Chairman of the Management Board,
2. Mr. Robert Vučković, Member of the Management Board,
3. Mr. Vančo Balen, Member of the Management Board as of 18 April 2020,



4. Mr. Luka Babić, Member of the Management Board as of 18 April 2020,
5. Mr. Miroslav Klepač until 17 April 2020.

In the financial reporting year, the Management Board members were paid total remuneration in the gross 1 amount of HRK 10,271,950.86, where the gross 1 amount of HRK 5,315,655.80 pertains to fixed remuneration, the gross 1 amount of HRK 4,120,186.06 pertains to variable remuneration, and HRK 840.909,00 pertains to remuneration due to regular expiry of term of office.

TABLE 1 – Remuneration of the Company's Management Board members in the financial reporting year (gross 1)									
	Fixed remuneration		Variable remuneration		Total remuneration	Percentage shares of fixed and variable remuneration in total remuneration	Remuneration from a third party	Remuneration due to early termination of term of office	Remuneration due to regular expiry of term of office
	Salary	Additional benefits	Annual bonus	Multiannual bonus					
	a)	b)	a)	b)					
Davor Tomašković, Chairman of the Management Board	1,633,200	179,595	1,302,000	0	3,114,795	58/42	0	0	0
Robert Vučković, Member of the Management Board	1,246,881	152,014	864,000	0	2,262,896	62/38	0	0	0
Vančo Balen, Member of the Management Board	766,104	125,891	231,515	0	1,123,512	79/21	0	0	0
Luka Babić, Member of the Management Board	674,052	127,958	103,570	0	905,581	89/11	0	0	0
Miroslav Klepač, Member of the Management Board until 17 April 2020	359,091	50,865	864,000	0	1,273,956	32/68	0	0	840,909
Nikola Mišetić, Member of the Management Board until 22 April 2019	0	0	217,500	0	217,500	0/100	0	0	0
Damir Vandelić, Chairman of the Management Board until 30 April 2019	0	0	537,600	0	537,600	0/100	0	0	0

Additional benefits pertain to personal use of a company vehicle, life insurance policy, personal accident insurance policy and liability insurance policy.

For performance in fiscal year 2019, Damir Vandelić and Nikola Mišetić were entitled to receive a proportional part of the bonus.



For performance in fiscal year 2019, the following Management Board members were entitled to receive a multiannual part of the bonus in a gross 1 amount for a proportional part of the year: Davor Tomašković in the gross 1 amount of HRK 378,000.00; and Damir Vandelić in the gross 1 amount of HRK 27,888.00. Payment of said gross amounts will be delayed for three years (2023) and confirmed by virtue of the Decision on Annual and Multiannual Bonus for 2022.

Pursuant to the agreement concluded between the Supervisory Board and Mr. Miroslav Klepač, the Company has undertaken to grant Mr. Klepač, on the basis of expiry of Management Board membership and employment with the Company, severance pay in the gross 1 amount of HRK 800,000, which will be paid in 2021 and corresponds to the amount that the Company has undertaken to pay in the event of regular expiry of term of office in the Management Board less extended notice period, as well as the final amount of variable remuneration for 2020, which has been determined by virtue of said agreement, and a non-compete fee.

2.2 Compliance of remuneration presented with the Remuneration Policy, including how it supports the Company's long-term success

This overview of the remuneration of the Company's Management Board members represents application of the fixed and variable remuneration system defined in the Remuneration Policy.

The conditions for granting and determining the amount of fixed remuneration are based on the Company's internal documents, the employment contract and relevant applicable regulations. They are not dependent on performance evaluation, but remain consistent throughout the period in relation to a specific function and organisational responsibility.

The variable remuneration system applicable to the Company's Management Board members has been defined in accordance with the Company's and the Group's strategic indicators, values and long-term interests. The final calculation and full payment of a multiannual bonus as long-term variable remuneration are made after expiry of term of office based on the fulfilment of objectives in accordance with the performance plan.

Moreover, in order to support the Company's long-term success, fixed remuneration ensures financial independence from variable remuneration at an individual level, including the possibility of non-payment of variable remuneration. This incentivises the Company's Management Board members to perform their duties in the best interest of the Company and always act in accordance with the principle of good faith and with due care of a prudent businessman. Variable elements of rewards are aimed at the results set out to be accomplished in the future and based on a period of several years, taking into account positive and negative changes in the Company's and the Group's performance as well as the criteria for payment of variable remuneration as they are defined in the Remuneration Policy.

2.3 Application of criteria for performance evaluation in terms of remuneration under 2.1 and 2.2.

For the purpose of evaluating the fulfilment of criteria for payment of variable remuneration to the Company's Management Board members, the Company has performed certain actions to determine and evaluate whether the objectives have been met and whether the criteria for payment of variable remuneration to the Management Board members have been fulfilled.



Fixed remuneration comprises base salary and applicable benefits in accordance with item 4.3 of the Remuneration Policy. Base salary is not based on work performance and it is aligned with the remuneration paid in other comparable companies in the market because the objective is for the base salary to reflect the demands of the position and the skills and experience required to perform the relevant type of work.

On 17 April 2020, the Company's Supervisory Board adopted a decision approving proposed activities and measures aimed at preventing and mitigating the negative consequences of COVID-19 on the Company's business operations. Therefore, the Management Board members' base salaries were reduced by 10% in the payment period between April and June 2020.

Variable remuneration is intended to reward the Management Board members' work performance, which is determined based on the fulfilment of the Company's financial and nonfinancial objectives arising from the long-term business strategy.

Eighty percent of the variable remuneration depends on the Company's and the Group's performance, while 20% depends on individual evaluation (nonfinancial objectives). The evaluation of the Company's and Group's performance included premium income, operating profit, net return on investments at the Group level and the combined ratio, while the evaluation of nonfinancial objectives achieved included human resource and business management and promotion of the Company's corporate culture and image.

Variable remuneration is paid if the KPIs reach 95% of the values planned for the relevant year. Despite achieving and/or exceeding the values planned for 2019, variable remuneration for performance in 2019 was reduced by 20% on average in relation to the amounts that would have been expected considering the business performance in 2019.

3 COMPARISON OF ANNUAL CHANGES IN REMUNERATION, THE COMPANY'S PERFORMANCE AND AVERAGE REMUNERATION OF FULL-TIME EMPLOYEES

TABLE 3 – Comparison of annual changes in remuneration and performance of the Company and CO Group					
Year	2020	2019	2018	2017	2016
1) CO Group Performance					
Gross written premium (Income)	2,741,818,424	2,738,697,702	2,778,244,440	2,463,322,353	2,268,662,137
Profit before tax (profit)	274,140,311	353,385,381	325,078,124	184,524,744	93,719,561
2) Average annual remuneration of the Company's full-time employees (gross 1 in HRK)					
Company Employees	192,574	183,870	174,851	191,741	149,142



When calculating average annual remuneration of employees, the following is taken into account: fixed parts of remuneration (base salary and other types of benefits, such as reimbursement of transportation costs, Christmas bonus, recourse, etc.), variable remuneration (such as annual bonus, performance-based rewards, etc.) and other material rights arising from the employment relationship, divided by the average number of employees corresponding to the number of full-time employees.

The Company's Remuneration Policy is applicable as of 1 January 2020. In 2020, there was a change in the Management Board members' remuneration. As stated in the introduction, as part of the plan for mitigating the negative impact of the COVID-19 pandemic and other surrounding negative circumstances on the Company's performance, in the period from 1 April to 30 June 2020, Management Board members' monthly base salaries were reduced by 10%, while variable remuneration was reduced by 20% on average in relation to the amounts that would have been expected considering the business performance in 2019.

4 COMPANY SHARES AND SHARE OPTIONS GRANTED TO MANAGEMENT BOARD MEMBERS AS REMUNERATION

In accordance with the Remuneration Policy, annual and/or multiannual bonus is paid in cash and/or Company shares, which is decided upon by the Company.

In 2020, no Company shares were granted to the Management Board members and payments were made only in cash.

5 RETURN OF VARIABLE REMUNERATION

In the fiscal reporting year, the Company did not make any requests for return of variable remuneration paid to the Management Board members.

6 DEVIATION FROM THE REMUNERATION POLICY

As explained in section 1.2 and 2 of this Report, on 17 April 2020, the Company's Supervisory Board adopted a decision approving proposed activities and measures aimed at preventing and mitigating the negative consequences of COVID-19 on the Company's business operations, with the ultimate objective of saving jobs, ensuring liquidity and reducing expenses. Management Board members' base salaries were reduced by 10% in the payment period from April to June 2020. Also, despite the extremely good performance in 2019, the Management Board members' bonuses were reduced by 20% on average in relation to those that would have resulted from the performance in 2019. There were no other deviations from the Policy.



7 REMUNERATION OF SUPERVISORY BOARD MEMBERS

In 2020, the Supervisory Board adopted the Remuneration Policy defining the reward system for the Management Board members. In addition, the Company's Supervisory Board also monitored the Management Board's performance as well as compliance of their work with the Company's long-term interests and multiannual business plans. The Supervisory Board concluded an agreement with Mr. Miroslav Klepač upon expiry of his term of office and employment relationship. The Supervisory Board also concluded new agreements with Robert Vučković, Vančo Balen and Luka Babić, each applicable as of 18 April 2020.

Members of the Supervisory Board in 2020:

1. Roberto Škopac
2. Vitomir Palinec
3. Hrvoje Patajac
4. Željko Lovrinčević
5. Vlasta Pavličević
6. Damir Vandelić.

On 1 December 2009, the Company's General Assembly adopted a decision on the amount of remuneration for members of the Supervisory Board of CROATIA osiguranje d.d. and participation in profit. Pursuant to said decision, the Supervisory Board members are entitled to:

- monthly remuneration in the net amount of HRK 2,000.00.

All Supervisory Board members who are also employed at another Group member company have given up fixed remuneration.

If they work in special committees of the Supervisory Board, Supervisory Board members are entitled to receive an additional reward as members of the Audit Committee.

In the financial reporting year, the Supervisory Board members were paid total rewards in the amount of HRK 120,907.80.

Supervisory Board members are entitled to reimbursement of costs incurred in relation to the performance of their duties. However, in 2020, no Supervisory Board member sought reimbursement of such costs.

**TABLE 3 – Remuneration of Supervisory Board Members**

Name and surname, position	Fixed remuneration (HRK)	Variable remuneration (HRK)	Reimbursement of costs (HRK)	Total in 2020 (HRK)
Željko Lovrinčević*	74,404.80	0	0	74,404.80
Vlasta Pavličević	37,202.40	0	0	37,202.40
Damir Vandelić	9,300.60	0	0	9,300.60
Vitomir Palinec	0	0	0	0
Roberto Škopac	0	0	0	0
Hrvoje Patajac	0	0	0	0
TOTAL	120,907.80	0	0	120,907.80

*In addition to receiving remuneration as a Supervisory Board Member, Mr. Željko Lovrinčević also received fixed remuneration as a Member of the Audit Committee. Remuneration for work in the Audit Committee is paid on a monthly basis, in the net amount of HRK 2,000.00.

8 DECISION OF THE GENERAL ASSEMBLY OF 3 JULY 2020

At a meeting of the Company's General Assembly held on 3 July 2020, which was attended by the shareholders holding 96.88% of the voting share capital, the Decision Approving the Remuneration Policy of 22 May 2020 was adopted by majority vote of all (100%) shareholders present at the Assembly meeting holding the voting share capital. The Supervisory Board submitted the Decision to the Company's General Assembly in accordance with Article 247.a, paragraph 2 of the Companies Act. After the Decision of the General Assembly was adopted, the Company made the adopted Remuneration Policy publicly available free of charge by publishing it on its website.

9 FINAL PROVISIONS

Auditing company PricewaterhouseCoopers d.o.o. assessed the Remuneration Report in accordance with Article 272.r of the Companies Act. In that regard, the auditing company PricewaterhouseCoopers d.o.o. prepared the Report on the Assessment of the Remuneration Report, which is attached to the Remuneration Report and constitutes an integral part thereof.

The Company's Remuneration Report, together with the Report on the Assessment of the Remuneration Report made by the auditing company PricewaterhouseCoopers d.o.o., is submitted to the Company's General Assembly for approval. Upon approval by the Company's General Assembly, the Company will publish the Remuneration Report and the Report on the Assessment of the Remuneration Report made by the auditing company PricewaterhouseCoopers d.o.o. on its website, which reports will be available free of charge for a period of ten years.

CROATIA osiguranje d.d.

CHAIRMAN OF THE MANAGEMENT BOARD
DAVOR TOMAŠKOVIĆ



MEMBER OF THE MANAGEMENT BOARD

LUKA BABIĆ



CHAIRMAN OF THE SUPERVISORY BOARD
ROBERTO ŠKOPAC





**CROATIA[®]
OSIGURANJE**

Supervisory
Board

CROATIA osiguranje d.d.
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*Attachment No. 2 to the Invitation to the 49th General Assembly of CROATIA osiguranje d.d.
Proposal of the Decision on recompense for the work of the members of the Supervisory
Board of CROATIA osiguranje d.d.*

Pursuant to the provision of Article 269 paragraph 3 of the Companies Act and Article 26 of the Articles of Association of CROATIA osiguranje d.d. as of 26 February 2020, the Supervisory Board proposes to the General Assembly of CROATIA osiguranje d.d., to be held on 18 June 2021, to issue the following

DECISION

on recompense for the work of the members of the Supervisory Board of CROATIA osiguranje d.d.

Article 1

This Decision on recompense for the work of the members of the Supervisory Board of CROATIA osiguranje d.d. applies to the members of the Supervisory Board and to the members of the Audit Committee and the Appointment and Remuneration Committee, as committees of the Supervisory Board (hereinafter: Committees).

Article 2

Members of the Supervisory Board and its Committees are entitled to the recompense for the work in monthly fixed amount of HRK 2.000,00 net.

Article 3

Members of the Supervisory Board and its Committees are entitled to the recompense for their work since the day the decision of appointment respectively the decision of election of the member of the Supervisory Board/Committee enters into force until the day of the cessation of the member's mandate.

In case of earlier cessation of the mandate of the member of the Supervisory Board/Committee the recompense will be calculated and paid for the month in which the mandate ceased according to the time of duration of the mandate in the Supervisory Board respectively in its Committee.

Article 4

Member of the Supervisory Board who is also the member of the Committee of the Supervisory Board exercise the right to the recompense for engagement for each individual function in the Supervisory Board or its Committee.

Article 5

The Company bears travel expenses, accommodation expenses and other expenses related to the participation of the members of the Supervisory Board/Committees at its sessions and at General Assembly.



The recompense of the members of the Supervisory Board and its Committees doesn't contain variable part of the recompense.

Article 6

Members of the Supervisory Board are neither entitled to the severance pay and additional payments of the Company nor participate in share allocation plans.

Article 7

Supervisory Board with the support of the Appointment and Remuneration Committee monitors the application of this Decision on annually basis.

In case of consideration of amendments to this Decision the Supervisory Board will submit to the General Assembly the proposal of amendments of this Decision and explanation in accordance with applicable regulations.

Article 8

This Decision enters into force on the day of the issuance of the General Assembly and applies until new decision is issued by the General Assembly in accordance with applicable regulations.

Chairman of the Supervisory Board
Robert Škopac