

Pursuant to Article 277(2) of the Companies Act (OG Nos 152/11 – consolidated text, 111/12, 68/13, 110/15, 40/19) (hereinafter: the Act) and Article 10(1) of the Articles of Association of the company SUNCE HOTELI d.d., Zagreb, Trpinjska 9, PIN: 06916431329 (hereinafter: the Company), per the proposal of the Management Board and the Supervisory Board of the Company, the Company adopted a Decision on July 16 2021 to convene the General Assembly and hereby issues a convocation to the shareholders of the Company to the

### **GENERAL ASSEMBLY OF THE COMPANY SUNCE HOTELI d.d.**

**to be held on 30<sup>th</sup> August 2021 at 14:00 noon at the Company's registered office, Trpinjska 9, Zagreb**

#### **under the following agenda:**

1. Opening of the General Assembly, determination of the number of present and represented shareholders
2. Decision on the remuneration of the Supervisory Board members
3. Decision on approval of the Remuneration Policy for the Management Board members
4. Decision on approval of the Report on the Remuneration of the Company Supervisory and Management Board Members in 2020.
5. Discussion on annual financial reports of the Company and the consolidated annual financial reports of the Group for 2020, the Annual Business Status Report of the Company and the Group for 2020, the Supervisory Board Report on the Supervision of the Company's Business Management in 2020, the Supervisory Board Report on relations with affiliated companies, and the adoption of decisions on (a) the covering of the 2020 losses; (b) the discharge of liability for the members of the Management Board for 2020 and (c) the discharge of liability for the members of the Supervisory Board for 2020;
6. Decision on the Appointment of New Audit Committee Members;
7. Decision on appointing the Company's auditor for the fiscal year 2021;

#### **DECISION PROPOSALS**

**Agenda Item 2** The Management Board and the Supervisory Board of the Company propose the adoption of the following Decision at the General Assembly:

#### **Decision on the remuneration of the Supervisory Board members**

1. The Supervisory Board of the Company consists of five members. Pursuant to the Company's Articles of Association, four members of the Supervisory Board are elected by the General Assembly of the Company, while the fifth member is appointed by the shareholder Erste d.o.o. – društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima / *Erste d.o.o. Company for the management of compulsory and voluntary pension funds*.

The members of the Supervisory Board appointed by the General Assembly do not receive remuneration for their work in the Supervisory Board, while the member appointed by the shareholder is entitled to remuneration under the decision of the General Assembly.

2. In order to maintain the objectivity and independence of the members of the Supervisory Board, their remuneration does not depend on the Company's business results and is of a fixed amount. In determining the remuneration of the Supervisory Board members, the economic conditions and the position of the Company, the prevailing levels of salaries in the industry and the Company are all taken into account.

The remuneration of the Supervisory Board members for their work in the Supervisory Board is determined by the Company General Assembly in a monthly fixed gross amount.

It is prohibited to include variable elements or other elements that are related with business results of the Company in the remuneration of the Supervisory Board members.

3. At its session held on 12 February 2018, and pursuant to Article 65 of the Audit Act, the Supervisory Board of the Company established the Audit Committee, which acts as a committee within the Company Supervisory Board. The Audit Committee consists of three members, with one Audit Committee member being an expert in the field of accounting and auditing.

The Audit Committee member who is an expert in the field of accounting and auditing is entitled to remuneration for their work in the Audit Committee, while the other two members do not receive remuneration for their work in the Audit Committee.

The remuneration for the work of the expert member of the Audit Committee is determined by the Supervisory Board by its decision. The remuneration is of a fixed amount and does not depend on the Company's business results. The remuneration is determined in a monthly gross amount.

4. If a Supervisory Board member is also an Audit Committee member, he is entitled only to remuneration for his membership in the Supervisory Board.
5. The members of the Supervisory Board and the Audit Committee are not entitled to variable remuneration or remuneration in the form of Company shares.
6. The Supervisory Board shall monitor on an annual basis whether the subject remuneration is in accordance with the principles set out in item 2 of this Decision and shall, if it is necessary to amend this Decision, submit to the General Assembly a new draft decision for approval. If the General Assembly does not approve the amended decision, the Company shall continue to pay remuneration to the members of the Supervisory Board and the Audit Committee in accordance with this decision.
7. By adopting this decision, the Decision on the remuneration of the Supervisory Board members made on 7<sup>th</sup> September 2020 is revoked.
8. This Decision shall enter into force upon adoption by the General Assembly and shall be valid for four years.

**Agenda Item 3** The Management Board and the Supervisory Board of the Company propose the adoption of the following Decision at the General Assembly:

### **REMUNERATION POLICY FOR THE MANAGEMENT BOARD MEMBERS**

The remuneration of the Company Management Board members is based on the principle of security of income as well as the retention of quality professionals in the Company. The remuneration policy is such as to discourage the Management Board members from making high-risk decisions that are unacceptable to the Company.

In 2020, the Company's business operations were impeded due to the COVID-19 pandemic and it exercised its right to use the Aid for Preservation of Employment in Activities Affected by Coronavirus (COVID-19) paid by the Croatian Employment Service.

According to the decision of the Croatian Employment Service, the aid beneficiary shall be obliged to repay the amount of aid received from May 2020 if, by 30th June 2022, among other things, it pays the Management Board members a bonus for the achieved results, if it awards own shares to the Management Board members, i.e. other persons authorised to manage the entire or a part of the business.



At the time of the adoption of this Policy, the Company had used the subject aid for about 700 employees for all months of the support, except for August of 2020. Total amount received is exceeding three million euros. Given the stated limitation in the variable remuneration that would be related to the achieved business results, until 30 June 2022 the Management Board members shall receive only fixed remuneration, i.e. the agreed gross salary.

Fixed remuneration of the Management Board members is determined in a manner that reflects the value of the work and responsibilities undertaken by the Management Board member, but is also such as to ensure good employment conditions and thus make the Company a desirable employer. Given the above, the subject policy contributes to the strategy and development of the Company.

The contract with the member and the President of the Management Board is concluded for the entire appointment period, and it defines the rights and obligations of the member and the President of the Management Board as well as their remuneration. All Management Board members have an employment relationship established for an indefinite period in the Company.

The contract with the Management Board member may be terminated:

- a) by agreement between the Management Board member and the Company
- b) by revoking the appointment of the Management Board member for good cause and by extraordinary termination of the contract
- c) cancellation by the Company without cause for revocation
- d) resignation and dismissal of the Management Board member

Ad a) If the contract with the Management Board member is terminated by agreement, then both parties are free to determine the conditions for the termination of the contract

Ad b) In the event that the appointment of the Management Board member is revoked, in addition to stating good cause for revocation, the Company terminates the employment contract by extraordinary notice without observing the notice period.

In case of dismissal due to good cause, the Management Board member shall not have the right to severance pay.

Ad.c) The Company may terminate the contract without good cause. In such case, the Company shall offer the Management Board member the option to conclude an employment contract under changed conditions in other jobs in accordance with their professional qualification, provided that the Management Board member has the right to choose whether they will accept the offered employment contract concerning a new position or refuse to conclude the offered employment contract thereby terminating their employment relationship with the Company, in which case the Company is obligated to pay severance pay in the amount of twelve agreed monthly salaries to the Management Board member after the expiration of the notice period. The Management Board member shall inform the Company about their choice within 8 days from the date on which the Company informed them about the termination of the contract and offer of a new contract.

If the Company terminates the contract without good cause, and the Management Board member does not accept the new employment contract offered to them, the rights and obligations of the Management Board member under the contract shall cease within 6 months from the date of receiving the Decision on terminating the contract.

Ad d) The Management Board member may terminate their contract and resign without stating the reasons, with the obligation to hold the same function until the appointment of another person for the same function, and no longer than 3 months after the termination of the contract.

The resignation by the Management Board member prior to the expiration of their appointment represents good cause for extraordinary termination of the contract by the Company, without the obligation to observe the notice period. In that case, the Management Board member shall not be entitled to severance pay.

If a member or President of the Management Board is not reappointed after the expiration of the term, and the contract for the same position is not renewed, the Company is obliged to offer the Member or President of the Management Board an employment contract with amended conditions for an indefinite period, 2 months before the expiration of the term, in accordance with his professional qualification. If a Member or the President of the



Management Board does not accept the offered contract, his employment shall terminate upon the expiration of his term of office, with the right to severance pay determined by the Labour Act.

Given that all Management Board members are employed by the Company, the Company pays their pension and health insurance contributions, provided that it has no obligation to purchase additional years of pensionable service for the Management Board member.

By adopting this decision, the Remuneration Policy for the Management Board Members adopted on 7<sup>th</sup> September 2020 is revoked.

This Policy shall enter into force on the date of its approval by the Company General Assembly and shall be valid until 30 June 2022.

The Policy is determined by the Supervisory Board and submitted to the General Assembly for approval. The Supervisory Board is responsible for the implementation and supervision of the implementation of the Policy.

The decision of the General Assembly and the Remuneration Policy shall be published and made available free of charge for a period of ten years, immediately after the General Assembly, on the Company's website with an indication of the validity date.

**Agenda Item 4** The Management Board and the Supervisory Board of the Company hereby propose the adoption of the following Decision at the General Assembly:

## **REPORT ON THE REMUNERATION OF THE COMPANY SUPERVISORY AND MANAGEMENT BOARD MEMBERS IN 2020.**

### **Introductory remarks**

The Company General Assembly adopted in its meeting of 7 September 2020 a Decision on the remuneration of the Supervisory Board members and approved the Remuneration Policy concerning the Management Board members.

The Decision on remuneration of the Supervisory Board members and the Remuneration Policy concerning the Management Board members were adopted in such manner to promote objective and independent actions on part of both, the Supervisory Board members and the Management Board members.

### **I. Remuneration of the Supervisory Board members**

The Company Supervisory Board consists of five members. In 2020, the Supervisory Board members were: Jako Andabak, the President of the Supervisory Board, Sanja Gagulić, the Vice President of the Supervisory Board, Ružica Andabak, Supervisory Board member, Ana Volk, Supervisory Board member and Ratomir Ivičić, a member appointed by shareholders of Erste d.o.o. – *društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima* (Erste d.o.o. Company for the management of compulsory and voluntary pension funds) pursuant to the Company's Articles of Association.

The Supervisory Board members appointed by the General Assembly, Jako Andabak, Ana Volk, Sanja Gagulić and Ružica Andabak, were receiving a fixed monthly salary in 2020 pursuant to their employment contracts concluded with the Company.

Ratomir Ivičić, Supervisory Board member, appointed by shareholders pursuant to the Company's Articles of Association, receives fixed remuneration for serving in Supervisory Board pursuant to the Decision of 7 September 2020 of the Company General Assembly.

a. The Company paid the following sums to the Supervisory Board members in 2020:

*The amounts are in thousands of kunas*

<b>First and last name</b>	<b>Title</b>	<b>Gross remuneration paid in 2020</b>
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		Salary (gross)	Other	Fixed remuneration in total
Jako Andabak	President of the Supervisory Board	149	27	176
Sanja Gagulić	Deputy President of the Supervisory Board	937	158	1.095
Ana Volk	Member of the Supervisory Board	705	121	826
Ružica Andabak	Member of the Supervisory Board	370	64	434
First and last name	Title	Gross remuneration paid in 2020		
		Salary (gross)	Other	Fixed remuneration in total
Ratomir Ivičić	Member of the Supervisory Board	171	13	184

In accordance with the Decision on the remuneration for the Supervisory Board members, the Supervisory Board members received neither variable remuneration for serving on the Supervisory Board nor any Company shares or share options in 2020.

b. Other remunerations of the Supervisory Board members

Supervisory Board members appointed by the Company General Assembly and employed in the Company in 2020 also received a salary in kind for the use of an official car.

c. Audit Committee

The Audit Committee meets as a committee of the Supervisory Board and consists of three members. During 2020 the Audit Committee consisted of the following members:

Ivan Augustin	President of the Audit Committee
Sanja Gagulić	Audit Committee member
Ružica Andabak	Audit Committee member

The members of the Audit Committee who are also members of the Supervisory Board received no remuneration for serving on the Audit Committee in 2020, while Ivan Augustin, Audit Committee member who is independent and has competence in accounting and auditing, received remuneration for serving on the Audit Committee.

In 2020, the Company paid remuneration for serving on the Audit Committee to the President of the Audit Committee Ivan Augustin in the gross amount of HRK 39,200.

Besides the payment mentioned, the Company paid no other remunerations to the Audit Committee members for serving on the Committee in 2020.

d. The comparative overview of the movement of the Company revenues, profit, the annual remuneration per employee and the remuneration of the Supervisory Board and Audit Committee members.

*The amounts are in thousands of kunas*

Year	Total revenue	Net profit	Average number of employees	Average gross remuneration per worker
2016.	340.328	36.549	908	117
2017.	387.323	20.609	950	136
2018.	434.975	30.044	1.179	126
2019.	452.516	6.017	1.278	115
2020.	149.419	(35.737)	820	69



Besides those previously mentioned, the Company paid out no other remuneration to the Supervisory Board members in 2020.

e. The compliance of the remuneration paid in 2020 with the Decision on the remuneration of the Supervisory Board members of 7 September 2020.

In its meeting of 7 September 2020, the General Assembly of the Company adopted the Decision on the remuneration of the Supervisory Board members according to which the Supervisory Board members appointed by the General Assembly of the Company shall not receive remuneration for serving on the Supervisory Board, but shall have an employment contract concluded with the Company for performing other tasks instead, while the member appointed by shareholder shall be entitled to remuneration pursuant to the Decision by the General Assembly.

The said Decision also stipulates that the Supervisory Board shall determine the remuneration for the Audit Committee member with professional competence by way of its decision, which is fixed and independent of Company's operating results. The remuneration shall be determined in the monthly gross amount.

Therefore, the remuneration paid to the members of the Supervisory Board and the Audit Committee in 2020 is in accordance with the Decision on the remuneration of the Supervisory Board members of 7 September 2020.

## II. Remuneration of the Management Board members

The Company Management Board consists of three members. In 2020, the Company Management Board consisted of the following members:

Tonči Boras	President of the Management Board	until 31 July 2020
Hrvoje Veselko	President of the Management Board	from 1 August 2020
Ivan Potkrajčić	Management Board member	
Kristijan Gagulić	Management Board member	

a. The Company paid the following sums to the Management Board members in 2020:

*The amounts are in thousands of kunas*

Name and last name	Title	Gross remuneration paid in 2020		
		Salary (gross)	Other	Fixed remuneration in total
Tonči Boras	President of the Management Board until 31 <sup>st</sup> July 2020.	410	74	483
Hrvoje Veselko	President of the Management Board from 1 <sup>st</sup> August 2020.	362	61	423
Kristijan Gagulić	Member of the Management Board	797	134	931
Ivan Potkrajčić	Member of the Management Board	651	24	675

b. Other remunerations of the Management Board members

The Management Board members also received a salary in kind for the use of an official car in 2020.

c. The comparative overview of the movement of the Company revenue, profit, the annual remuneration per employee and the remuneration of the Management Board members.

*The amounts are in thousands of kunas*



Year	Total revenue	Net profit	Average number of employees	Average gross remuneration per worker
2016.	340.328	36.549	908	117
2017.	387.323	20.609	950	136
2018.	434.975	30.044	1.179	126
2019.	452.516	6.017	1.278	115
2020.	149.419	(35.737)	820	69

Besides those previously mentioned, the Company paid out no other remuneration to the Management Board members in 2020.

In 2020, there were no payments and no payment obligations by third parties towards Management Board members concerning tasks they performed in their capacity as the Management Board in 2020.

In accordance with the Remuneration Policy concerning the Management Board members, they received neither variable remuneration nor any Company shares or share options for their position in 2020.

d. The Management Board members received fixed monthly salaries pursuant to their managerial contracts concluded with the Company.

Contracts with the Management Board President and members have been concluded for the entire term of office, they regulate the rights and obligations of the Management Board President and members and determine their remuneration at the same time. All members of the Management Board took up employment of indefinite duration.

The contract with the Management Board member may be terminated:

- a) by agreement between the Management Board member and the Company
- b) by revoking the appointment of the Management Board member for good cause and by extraordinary termination of the contract
- c) cancellation by the Company without cause for revocation
- d) resignation and dismissal of the Management Board member

Ad a) If the contract with the Management Board member is terminated by agreement, then both parties are free to determine the conditions for the termination of the contract

Ad b) In the event that the appointment of the Management Board member is revoked, in addition to stating good cause for revocation, the Company terminates the employment contract by extraordinary notice without observing the notice period.

In case of dismissal due to good cause, the Management Board member shall not have the right to severance pay.

Ad.c) The Company may terminate the contract without good cause. In such case, the Company shall offer the Management Board member the option to conclude an employment contract under changed conditions in other jobs in accordance with their professional qualification, provided that the Management Board member has the right to choose whether they will accept the offered employment contract concerning a new position or refuse to conclude the offered employment contract thereby terminating their employment relationship with the Company, in which case the Company is obligated to pay severance pay in the amount of twelve agreed monthly salaries to the Management Board member after the expiration of the notice period. The Management Board member shall inform the Company about their choice within 8 days from the date on which the Company informed them about the termination of the contract and offer of a new contract.

If the Company terminates the contract without good cause, and the Management Board member does not accept the new employment contract offered to them, the rights and obligations of the Management Board member under the contract shall cease within 6 months from the date of receiving the Decision on terminating the contract.



Ad d) The Management Board member may terminate their contract and resign without stating the reasons, with the obligation to hold the same function until the appointment of another person for the same function, and no longer than 3 months after the termination of the contract.

The resignation by the Management Board member prior to the expiration of their appointment represents good cause for extraordinary termination of the contract by the Company, without the obligation to observe the notice period. In that case, the Management Board member shall not be entitled to severance pay.

Mr Tonči Boras resigned as the President of the Management Board. The Company and Mr Tonči Boras concluded an agreement on the termination of the Managerial Contract which stipulates that the Company is under no obligation to pay the severance allowance under the Managerial Contract. Mr Tonči Boras concluded with the Company an employment contract of indefinite duration for the performance of other tasks in accordance with his professional qualifications.

e. Compliance of the remuneration paid in 2020 with the Remuneration Policy concerning Management Board members of 7 September 2020.

The General Assembly of the Company approved the Remuneration Policy concerning the Management Board members in its meeting of 7 September 2020 according to which the members of the Company Management Board shall receive only fixed remuneration or the contracted gross salary until 31 December 2021 or until the validity of the Remuneration Policy due to the obligations prescribed by the Croatian Employment Service in the Conditions and manner of the use of funds for the implementation of Aid for Preservation of Employment in Activities Affected by Coronavirus (COVID-19).

Therefore, the remunerations paid to the Management Board members in 2020 are in accordance with the Remuneration Policy concerning the Management Board members of 7 September 2020.

**Agenda Item 5.** The Management Board and the Supervisory Board of the Company propose the adoption of the following Decision at the General Assembly:

**a) Decision on Covering the 2020 Loss**

The Company loss of 2020 in the amount of HRK 33,121,111.14 shall be distributed to the accumulated loss that shall be covered by the future business operations of the Company.

**b) Decision to Discharge the Members of the Management Board from Liability for 2020**

The members of the Company's Management shall be discharged from liability for 2020.

**c) Decision to Discharge the Members of the Supervisory Board from Liability for 2020**

The members of the Supervisory Board shall be discharged from liability for 2020.

**Agenda Item 6.** The Management Board and the Supervisory Board of the Company propose the adoption of the following Decision at the General Assembly:

**Decision on the Appointment of New Audit Committee Members**

The Decision is hereby adopted on the appointment of the following Audit Committee members for a period of one year:

1. Ali Al Frayhat – Sadiyaat Island, Villa No. 6, Abu Dhabi, UAE
2. Mohamed Bitar – Reem Island, Kite Residence, Unit 2503, Abu Dhabi, UAE



**Agenda Item 7.** The Management Board and the Supervisory Board of the Company propose the adoption of the following Decision at the General Assembly:

**Decision on the Appointment of the Company Auditor for the Business Year 2021**

“The audit of the Company and the consolidated financial reports of the Group for 2021 shall be entrusted to the auditing company Ernst & Young, d.o.o., from Zagreb, Radnička cesta 50, PIN (“OIB”): 58960122779.”

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**EXPLANATION OF THE PROPOSED GENERAL ASSEMBLY DECISIONS:**

**Ad 1 Opening Remarks for the General Assembly, Determining the Number of Attendees and Represented Shareholders**

The decision under this Agenda item shall not be adopted by the shareholders at the General Assembly; the Chairman shall open the General Assembly, establish the Agenda and identify the attending shareholders and their representatives with an attending notary public.

**Ad 2 Explanation behind the Proposal of the Decision on the remuneration of the Supervisory Board members**

Article 293(3) of the amendment to the Companies Act which entered into force on 1 May 2020 states that public limited liability companies admitted to the regulated market for trading purposes shall be required to reach decisions on the remuneration of the members of their supervisory boards at least every four years.

Considering that certain members of the Supervisory Board resigned, the General Assembly of the Company appointed new members of the Supervisory Board at the session held on 3<sup>rd</sup> May 2021.

In accordance with the change of members of the Supervisory Board, the **remuneration** system for members of the Supervisory Board also changed in such a way that the employment contracts that previous members of the Supervisory Board had with the company were terminated.

Due to the above, it is proposed to the General Assembly a revocation of the Decision on the remuneration of the Supervisory Board members made on 7<sup>th</sup> September 2020 and the adoption of a new proposed decision.

**Ad 3 Explanation behind the Proposal of the Decision on approval of the Remuneration Policy for the Management Board members**

In compliance with Article 247a and 276a of the Companies Act, the Supervisory Board of the Company shall hereby reach a decision on the remuneration system regarding members of the Management Board. The Supervisory Board shall submit the remuneration policy to the General Assembly for approval.

Since March 2020, the Company has been a beneficiary of support for the preservation of jobs of the Croatian Employment Service.

Given that the conditions of the said support were changed, the Company was obliged to harmonize the Remuneration Policy for the Management Board Members in such a way that it revokes the Decision on approval of the Remuneration Policy for the Management Board members of 7<sup>th</sup> September 2020 and adopts new proposed Decision on approval of the Remuneration Policy for the Management Board members.

**Ad 4 Explanation behind the Proposal of the Decision on approval of the Report on the Remuneration of the Company Supervisory and Management Board Members in 2020.**

In compliance with Article 276.a of the Companies Act, the General Assembly of the Company of shares listed on the regulated market for trading shall decide whether to approve the report on the remuneration for the previous



business year, which has been determined and audited in accordance with the provisions of Article 272.r. of the Companies Act

**Ad 5 Annual financial reports of the Company and the consolidated annual financial reports of the Group for 2020, the Annual Business Status Report of the Company and the Group for 2020, the Supervisory Board Report on the Supervision of the Company's Business Management in 2020, the Supervisory Board Report on relations with affiliated companies, and the adoption of decisions on (a) the covering of the 2020 losses; (b) the discharge of liability for the members of the Management Board for 2020 and (c) the discharge of liability for the members of the Supervisory Board for 2020**

Pursuant to the obligation stipulated in Article 280a(1) 2 of the Companies Act, the Company shall inform the shareholders that, pursuant to Article 300d of the Companies act, the Management Board and the Supervisory Board have determined the annual financial reports of the Company and the consolidated annual financial reports of the Group for 2020, and the shareholders at the General Assembly shall not decide on them. The above financial reports shall be presented at the General Assembly of the Company along with the Management's Annual Business Status Report of the Company and the Group for 2020, and the Supervisory Body Report on the Audit of the Company's Business Management for 2020.

In compliance with Article 499. of the Companies Act, the Supervisory Board of the Company presents to the General Assembly the Report on Relations with Affiliated Companies.

While preparing the annual financial reports, the Company Management Board has issued a proposal to the Supervisory Board to distribute the Company's 2020 loss, in the amount of HRK 33,121,111.14, to the accumulated loss that shall be covered by the future business operations of the Company, which the Supervisory Board accepted.

The Management Board and the Supervisory Body suggest to be discharged from liability and suggest for approval of their work in 2020. Pursuant to Article 276 (1) of the Companies Act, if the shareholders at the General Assembly should decide so or if it is requested by the shareholders who jointly make up at least 1/10 of the total share capital of the Company, the discharge of each individual Management Board or Supervisory Board member can be voted on separately.

**Ad 6 Explanation behind the Proposal of the Decision on the Appointment of New Audit Committee Members**

The Company established an Audit Committee in February 2018 and appointed its members. Considering that two members of the Audit Committee have resigned, the Company appoints a new two members who will perform the functions of the Audit Committee in addition to the existing third member.

**Ad 7 Explanation behind the Proposal for Appointing the Company's Auditor for the fiscal year 2021**

Pursuant to Article 280(3) of the Companies Act, the Supervisory Board, upon the recommendation of the Audit Committee, shall propose to the shareholders at the General Assembly to adopt a decision on appointing the company Ernst & Young d.o.o. from Zagreb, Radnička cesta 50, PIN ("OIB"): 58960122779, the Company's auditor for the fiscal year 2021. If the decision is made in accordance with the Supervisory Board's proposal, 2021 shall be the fifth year of the involvement of the company Ernst & Young d.o.o.

**INSTRUCTIONS TO THE SHAREHOLDERS REGARDING PARTICIPATION AT THE GENERAL ASSEMBLY:**

**Requirements for participation and exercise of voting rights**

The right to participate in the General Assembly is held by the Company's shareholders who have been registered as holders of Company shares in the depository of the Central Depository & Clearing Company Inc. (Croatian: "Središnje klirinško depozitarno društvo d.d.") six days prior to the General Assembly and have applied for participation in the General Assembly in advance by mail delivered to the Company's registered office address. The application shall be received by the Company no later than six calendar days prior to the General Assembly, excluding the date of the Company's receipt of the confirmation.



The shareholders participate at the General Assembly in person or by proxy. The proxy shall be provided in writing and state the identity of the person acting as proxy, the shareholder issuing the proxy, the total nominal value of shares and votes at their disposal, the authority to act and vote on behalf of shareholder at the General Assembly, and the date of issuance and validity period of the proxy. The proxy shall be submitted to the Company no later than the last day of application for participation at the General Assembly.

With regard to the extraordinary circumstances brought upon by the COVID-19 pandemic, the shareholders that shall attend the General Assembly shall abide by the safety recommendations and the decisions of the Civil Protection Office of the Republic of Croatia, as well as the measures that the Company shall implement within its organisation and at the General Assembly. The purpose of this is to protect the health of shareholders, Company employees, as well as any other persons involved in the organisation of the General Assembly.

For the purpose of reducing personal attendance at the General Assembly in order to alleviate the risks of spreading infection, the Company hereby recommends the shareholders to participate and exercise their rights in relation to the General Assembly by proxy through their attorneys, legal representatives provided for them by the Company:

Šavorić & Partneri Law Firm  
Boris Šavorić, Lovro Gašparac and Branko Bulat, attorneys-at-law  
Tel.: 01/4855-900; e-mail: info@savoric.com

The costs of legal representation of shareholders or their representation in the form of the proxies provided and indicated in this call shall be borne by the Company.

#### **General Assembly Materials**

The materials regarding the General Assembly, along with the application and proxy forms may be accessed by the shareholders at [www.bluesunhotels.com/investitori](http://www.bluesunhotels.com/investitori) or the registered office of the Company on working days from 9 a.m. to 1 p.m. until the day of the General Assembly.

#### **Adding New Items to the Agenda**

Shareholders who jointly hold shares equal to one twentieth of the Company's share capital shall have the right to request that an additional item be included in the agenda of the General Assembly, supported by a justification and proposal for a decision. Such a request shall be delivered to the Company no later than 30<sup>th</sup> July 2021.

#### **Shareholder Counterproposals**

Any shareholders' counterproposals to the proposals made by the Management Board and/or Supervisory Board, accompanied by shareholders' names and surnames and justification, shall be delivered to the Company by 15<sup>th</sup> August 2021 inclusive. Should the shareholders not exercise this right, this shall not constitute a waiver of the right to put forward counterproposals at the General Assembly.

#### **Right to Information**

At the General Assembly, the Management Board is obligated to provide information on the Company's operations upon the request of any shareholder, provided that such information is required in order to assess the matters included on the agenda, whereas such information may be withheld on the grounds defined in the Companies Act. The status at the depository of the Central Depository & Clearing Company Inc. (Croatian: "Središnje klirinško depozitarno društvo d.d.") on 23<sup>rd</sup> August 2021 shall be relevant for participating at the General Assembly.

#### **Backup General Assembly**

If a quorum is not present at the convened General Assembly, the next General Assembly shall be held on 31<sup>st</sup> August 2021 at 12:00, on the same location with the same agenda, and shall allow for valid decisions to be reached regardless of the quorum.

SUNCE HOTELI d.d.  
The Management Board  
  
SUNCE HOTELI d.d.