

**TANKERSKA NEXT GENERATION d.d**

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23 000 Zadar, Croatia  
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Zadar, June 18<sup>th</sup>, 2020

**INVITATION TO THE GENERAL ASSEMBLY OF TANKERSKA NEXT GENERATION**

Pursuant to Article 277, paragraph 2 of the Companies Act, the Management Board of the TANKERSKA NEXT GENERATION shipping joint stock company, with registered seat in Zadar, B. Petranovića No. 4 (hereinafter: the "Company"), has on June 18<sup>th</sup>, 2020, rendered the decision on the convocation of the General Assembly, and hereby invites the shareholders of the Company to the

**GENERAL ASSEMBLY of Tankerska Next Generation  
which will be held on August 21<sup>st</sup>, 2020, at 11:00 hours at the Company's headquarters,  
Božidara Petranovića 4, Zadar**

**with the following agenda:**

1. Opening of the General Assembly, establishing the present and represented shareholders attendance list;
2. Consideration of Annual financial reports for 2019, Management Board report on the status and operations of the Company for the business year 2019 and the Supervisory Board report on the conducted supervision of Company's operations in the business year 2019;
3. Decision on 2019's profit distribution;
4. Management Board liability discharge for the business year 2019;
5. Supervisory Board liability discharge members for the business year 2019;
6. Appointment of the auditor;
7. Appointment of the members of the Audit Committee;
8. Decision on authorizing the Management Board to acquire and dispose of its own shares;
9. Decision on approval of the Remuneration Policy of the member of the Management Board and the Supervisory Board

**Proposals of General Assembly decisions:****Ad 3. The Management and Supervisory Board propose to the General Assembly to adopt the following decisions:**

"The decision on the distribution of 2019's profit

1. It is determined that Tankerska Next Generation in the year ending 31 December 2019 realized a net profit in the amount of HRK 23,340,242.46.
  - A part of net profit in the amount of HRK 22,173,230.34 will be allocated to retained earnings.
  - A part of net profit in the amount of HRK 1,167,012.12 will be allocated to mandatory reserves.
2. This Decision enters into force upon its adoption."

Tankerska Next Generation Shipping Joint Stock Company  
Božidara Petranovića 4, 23 000 Zadar, Croatia  
Short name of the company: Tankerska Next Generation d.d.  
Incorporated 22 August 2014  
Company's Bank Account:  
Privredna Banka Zagreb d.d., Zagreb  
IBAN HR86 2340 0091 1106 7758 7  
Swift code: PBZGHR2X

MBS (registration number) 110046753 Commercial Court in Zadar  
Share capital: 436,667,250.00 HRK paid completely  
Issued shares: 8,733,345 ordinary shares with no par value  
The President of Supervisory Board: Ivica Pijaca  
The Management Board: John Karavanić  
OIB (personal identification number): 30312968003  
VAT identification number: HR30312968003

**Ad 4. The Management and Supervisory Board propose to the General Assembly to adopt the following decision:**

“Discharge of liability is granted to the Company’s Management Board for the business year 2019.”

**Ad 5. The Management and Supervisory Board propose to the General Assembly to adopt the following decision:**

“Discharge of liability is granted to members of the Company’s Supervisory Board for the business year 2019.”

**Ad 6. The Supervisory Board proposes to the General Assembly to adopt the following decision:**

“Deloitte d.o.o., Radnička cesta 80, 10 000 Zagreb, OIB: 11686457780 is appointed as the auditor of the Company for the business year 2020.”

**Ad 7. The Management and Supervisory Board propose to the General Assembly to adopt the following decision:**

“Appointment of the members of the Audit Committee

1. Mr. Ante Gavran and Mr. Genarij Sutlović are appointed as independent members of the Audit committee, while Mr. Mario Pavić is already previously appointed as a member of the Audit Committee as a member of the Supervisory board.
2. The members of the Audit Committee are appointed for a mandate lasting until 21<sup>st</sup> August 2024.
3. This Decision enters into force upon its adoption.”

**Ad 8. The Management and Supervisory Board propose to the General Assembly to adopt the following decision:**

„The decision on authorizing the Management Board to acquire and dispose of its own shares

1. The General Assembly of the Company authorizes the Management Board to acquire and dispose of the Company's own shares for a period of 5 years, respectively from August 21, 2020 to August 20, 2025, without further special authorizations of the General Assembly of the Company.
2. Pursuant to the provisions of this Decision, the Company may acquire a maximum of 873,335 treasury shares, provided that at any time the treasury shares together with the treasury shares already held by the Company do not account for more than 10% of the Company's share capital.
3. The Management Board of the Company is authorized to acquire and dispose of the Company's own shares exclusively through the regulated market for the amount of at least 90% and at most 110% of the average price of the Company's shares traded on the regulated market during the previous trading day.
4. The Management Board of the Company is authorized, with the consent of the Supervisory Board, to acquire or to dispose of its own shares based on this Decision. The Management Board of the Company

does not need a special decision of the General Assembly for such disposal of own shares, whereby this Decision excludes the priority right of existing shareholders, provided that this decision is made by a majority of at least three quarters of the share capital represented at the General Assembly.

5. This Decision enters into force upon its adoption. “

**Ad 9. The Management and Supervisory Board propose to the General Assembly to adopt the following decision:**

The Remuneration Policy of the member of the Management Board and the Supervisory Board is approved according to the text published as an appendix to the invitation for this General Assembly, which forms an integral part of this decision.

**Explanation of General Assembly decisions proposals:**

**Ad 2.** Explanation of the yearly financial reports for the business year 2019, Annual report on the status and operations of the Company for the business year 2019 and the Supervisory Board report on conducted supervision of Company operations in the business year 2019.

The Management Board and the Supervisory Board inform the shareholders that pursuant to Article 300 d of the Companies Act, the Management Board and the Supervisory Board have determined the annual financial statements of the Company for the business year 2019 and that the General Assembly does not render any decision on this. These financial statements will be presented to the General Assembly together with the Annual Report on the State of the Company's business for the business year 2019 and the Supervisory Board's Report on the conducted supervision of Company operations in the business year 2019.

Under this item of the agenda, the General Assembly does not make a decision but takes note of the annual financial statements of the company for 2019 in the content as determined by the Management Board and the Supervisory Board.

**Ad 3.** Explanation of the proposed profit distribution

The Management Board and the Supervisory Board propose to the General Assembly the decision to distribute the net profit from 2019, in the total amount of HRK 23,340,242.46, to the retained earnings and mandatory reserves.

As evidenced by recent trends, a slowdown in the global economy due to the impact and consequences of COVID-19, seems like an inevitable outcome. The Company's operations, which are extremely international, where we continuously generate 99% of our operating revenues, confront us with many challenges in a completely new, unpredictable economic environment.

Tankerska Next Generation continuously strives to minimize business risk by negotiating a combination of spot market employment with time charters, but the volatility of the freight market requires increased responsibility for managing liquidity risk.

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The Company has taken a number of preventative measures to minimize business risks such as a timely focus on securing revenue based on diversified long-term time charters with first-class charterers, but the risks of business and eventual termination and even the likelihood that even the biggest names could financially stumble cannot be disregarded. The Company continually monitors its cash flow, however TNG must be prepared to bear the risk of facing potential difficulties in collecting funds.

The Management Board has established an appropriate framework for managing liquidity risk to manage short-term, medium-term, and long-term financing and liquidity requirements with refinancing risk, arising from long-term loans with variable interest rates. The Company is considering holding liquidity at a higher level to minimize potential breaches of financial liabilities.

The company also relies on international refinancing, which is currently subject to a kind of moratorium among potential candidates, and it is expected that their return to the market will be less favorable due to impaired monetary stability and increased credit risks. Continuous and objective risk assessment will become crucial in the next 6 to 12 months.

In the next two years, the Company also expects regulatory requirements that include the cost of ballast water treatment instalments, which we can classify at approximately USD 550,000 per vessel (which does not include transportation and installation costs).

In addition to significant amounts of long-term loan commitments that affect cash flow risk, TNG also has liabilities to banks that require minimum liquidity in transaction accounts per vessel.

From all the foregoing and as a precautionary principle, the proposal of the Management Board is not to distribute the Company's profit from the previous 2019 but retain the full amounts into retained earnings and legal reserves.

The decision not to pay the dividend in 2020 for 2019 is based on the business results achieved last year and the market forecasts for the product tanker segment in 2020 and the estimated costs related to refinancing and monitoring of the regulatory environment, but primarily due to the impact of COVID-19 on the world economy and the unpredictable duration and scale of recovery.

**Ad 4. and 5.** Explanation of the Decision proposal on granting discharge of liability to the Management Board and the Supervisory Board members for the business year 2019.

Pursuant to Article 276 of the Companies Act, Management and the Supervisory Boards propose to the General Assembly to adopt a decision which grants discharges of liability to the Management Board member and Supervisory Board members for business year 2019. Approval of an individual member of the Management Board or Supervisory Board may be voted separately if so, decided by the General Assembly or if the shareholders holding at least a tenth of the share capital of the company.

**Ad 6.** Explanation of the proposal for the appointment of auditors for the business year 2020.

Pursuant to Article 275 of the Companies Act, the Supervisory Board proposes to the General Assembly to adopt decisions on the appointment of Deloitte Ltd., Zagreb Tower, Radnička cesta 80, 10 000 Zagreb, as the auditor of the Company for the business year 2020.

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**Ad 7.** Explanation of the proposal for Appointment of the members of the Audit Committee

Along with the previously appointed member of the Audit Committee, Mr. Mario Pavić, who is also a member of the Supervisory Board, the Supervisory Board proposes the former member Mr. Genarij Sutlović along with Mr. Ante Gavran as an independent member. Mr. Gavran and Mr. Sutlović are independent of the Company and are experts in the field of accounting and auditing.

**Ad 8.** Explanation of the proposal of the decision on granting authorizations to the Management Board of the Company for acquisition and disposal of own shares

In accordance with the market practice of corporate governance and the possibility of using treasury shares for various purposes, it is proposed to the General Assembly to expand the authority of the Management Board to manage treasury shares in the manner defined in the draft decision. In this way, the Company is enabled to manage assets and acquire and dispose of its own shares according to the criteria clearly defined by the decision efficiently and transparently.

The Company may dispose of its own shares, in order, but not limited to, making them available under an ESOP program; enabling payments of part of the profit to the shareholders of the Company; as share allocation program options; as a remuneration program for members of the Management Board and other programs for disposal of own shares adopted by the Management Board with the consent of the Supervisory Board.

**Ad 9.** Explanation of the proposal of the decision on approval of the Remuneration Policy of the Management Board member and the Supervisory Board.

The aim of the established remuneration policy is to explain the basic principles and basic starting points of the remuneration policy, determine the criteria of the remuneration policy, harmonize and prescribe the transparency of procedures for determining remuneration and harmonize the policy with the long-term interests of the Company.

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**INVITATION AND INSTRUCTIONS FOR SHAREHOLDERS GENERAL ASSEMBLY**

(Hereinafter – Invitation, Instructions)

**Invitation, time and venue of the General Assembly**

1. The shareholders of Tankerska Next Generation are invited to participate in the Annual General Assembly to be held on August 21<sup>st</sup>, 2020 at the Company headquarters, Božidara Petranovića 4, Zadar, beginning at 11:00 hours.
2. Registration of participants of the General Assembly shall take place on August 21<sup>st</sup>, 2020 in the lobby of the Company's headquarters, Božidara Petranovića 4, Zadar, from 9:45 to 10:45 hours, as final. Registration after that will not be possible and we kindly ask shareholders to register in due time. After the completion of the registration, those shareholders or their proxies, who were not registered on the list of participants, but are

registered in the share register, are entitled to participate in the General Assembly, but cannot exercise the right to vote.

3. When registering, shareholders or their proxies or representatives have to show legally proscribed valid ID, while the attorneys who are legal persons have to submit an excerpt from the court register or other appropriate register in which the legal entity is recorded, or other appropriate public documents, if it is not submitted with the application for participation in the General Assembly.

#### **Participation and voting at the General Assembly**

4. Each shareholder of the Company has the right to participate at the General Assembly, provided that the participation is announced, in person or through their proxy or representative, by submitting a written application to the Company, not later than six days before the General Assembly, excluding the date of receipt of the application by the Company, i.e. by August 14<sup>th</sup>, 2020 the latest. A legal or natural person who is a shareholder of the Company registered in the Central Depository and Clearing Company Zagreb, on the last day for application for participation in the General Assembly, i.e. on August 14<sup>th</sup>, 2020 considered a shareholder of the Company. The share capital is divided into 8,733,345 ordinary shares, of which each has one vote minus 26,323 Company shares held by Tankerska Next Generation.
5. The application shall have the following contents and attachments:
  - I. Application for shareholder - natural person
    - The name, residence, address, number of account with the Central Depository and Clearing Company and the total number of shares of the shareholder
  - II. Application for shareholder - legal person
    - Company name of the legal person, seat and address, OIB
    - The number of account with the Central Depository and Clearing Company and the total number of shares of the shareholder
    - Attached to the application, excerpt from the court register or other register in which legal person is entered or a copy, certified copy or other appropriate public document clearly showing that the application was signed by a person who is legally authorized to represent the legal person
  - III. Application submitted by the shareholder's proxy
    - a) **Proxy - natural person:**
      - Name and surname, residence and address of the proxy, OIB
      - List of shareholders which are being represented, for each, the number of their account with the Central Depository and Clearing Company and the total number of shares of all represented shareholders
      - Attached to the application all the individual powers of authority on the recommended form, shall be submitted
    - b) **Proxy - legal person:**
      - Company name, seat and address and proxy OIB
      - List of shareholders represented, for each number of their account with the Central Depository and Clearing Company and the total number of shares of all represented shareholders
      - Individual powers of attorney are delivered in writing attached to the application, and if the shareholder

is a legal person, the attachment shall contain an excerpt from the court register or other register in which legal person is entered or a copy, certified copy or other public document it is evident that the power of attorney signed by the person who is legally authorized to represent the legal person.

6. For minors and incapable or partially business capable persons the application is submitted and represented by an appointed guardian who must enclose the original or a copy or a certified copy of the document that certifies the guardianship status.
7. Shareholders at the General Assembly may be represented by proxy on the basis of a valid written power of attorney issued by the shareholder, or in case of legal entity proxy issued by a person who is legally authorized to represent the shareholder.
8. At least 21 days before the General Assembly, the Company will inform credit or financial institutions and shareholder associations present at last year's General Assembly and voted on behalf of shareholders or have asked to receive the invitation. The invitation shall state the option for shareholders to vote at the General Assembly by proxy or by shareholder associations.
9. Power of attorney for participation and/or voting at the General Assembly shall include the name and surname or company name, residence or seat and address of the issuer on the number of account with the Central Depository and Clearing Company, the total number of shares, name and surname or company name, residence or seat and address of the proxy, signature authority or statutory representative or representative under law, if the proxy is a legal person. It is recommended to use forms for the application for participation in the General Assembly and the power of attorney, which may be obtained at the Company's headquarters and are also available on the website of the Company [www.tng.hr](http://www.tng.hr).
10. The application for participation in the General Assembly and authorization, and all attachments must be in the Croatian language or if in a foreign language must be translated into Croatian by a certified court interpreter.
11. The application for participation in the General Assembly shall be submitted directly to the Company at its headquarters in Zadar, B. Petranovića 4, or sent to the Company by registered mail to the following address:  
  

**Tankerska Next Generation**  
**B. Petranovića 4**  
**23 000 Zadar**
12. The application for participation in the General Assembly shall be considered timely submitted if it is in accordance with these Instructions, submitted or sent by mail to the Company by 23:59 hours on August 14<sup>th</sup>, 2020. Shareholders that did not submit their participation in General Assembly properly in accordance with these Instructions or who have not submitted their application shall not be entitled to participate in the General Assembly.
13. General Assembly cannot pass valid decisions unless in person or by proxy shareholders present have shares representing at least half of the share capital of the Company (quorum). If the quorum is not met, the General Assembly will be held the same day at 13:00 hours in the same place with the same agenda and the General Assembly will pass valid decision regardless of the amount of the capital represented. Given proxies are also valid for this General Assembly.

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**Shareholder rights to inquire, request amendments to the agenda, counter proposals and the right to be informed**

14. Shareholders intending to ask questions at General Assembly with reference to agenda items are hereby asked, for sake of the efficient organization of the General Assembly, to provide written notice when filing the application for participation at the General Assembly or at the latest during registration of participants before the General Assembly, thereby indicating the agenda item, as well as its content.
15. Shareholders who together hold shares in the amount of the twentieth part of the Company's share capital have the right to request, after the General Assembly is convened for a certain item to be added to the agenda of the General Assembly and to be announced, whereby with each new agenda item an explanation or a draft decision must be provided. The request to add items to the agenda is submitted by shareholders to the Company at the Company's headquarters (Tankerska Next Generation, B.Petranovića 4, 23 000 Zadar). In order to have supplement to agenda validly announced, in accordance with the Companies Act, a request to add items to the agenda must be received at least 30 days before the General Assembly. In case the deadline is not observed the proposed agenda items are not properly announced and therefore the General Assembly cannot pass these decisions.
16. Shareholders have the right to put a counterproposal to the decision proposals submitted by the Management and/or Supervisory Board on a particular agenda item. The counterproposal, together with the names and surnames of shareholders, explanation and possibly, opinion of the Management Board, will be reported to credit or financial institutions and shareholder associations that voted on behalf of shareholders at last year's General Assembly and will be made available to shareholders on the website of the company ([www.tng.com](http://www.tng.com)), if a shareholder submits a counterproposal, at least 14 days before the General Assembly, to the head office address of the Company (Tankerska Next Generation, B. Petranovića 4, 23 000 Zadar). The Company will not consider the day of receiving the counterproposal in this 14-day deadline. If the shareholder does not exercise this right, it does not result in loss of the right to make a counterproposal at the General Assembly. This shall be appropriately applied to shareholders proposals regarding the election of the Supervisory Board or the appointment of the Company's auditor.
17. The Management Board will at the General Assembly give every shareholder at his/her request, information on the company's business, if it is necessary to evaluate items on the agenda.
18. Documents for the General Assembly, legally required, are available to the shareholders at the Company's headquarters in Zadar, every working day from the date of announcing the invitation for the General Assembly until the date of the General Assembly from 10:00 to 14:00 hours. These materials are made public on the same day and available on the Company's website ([www.tng.hr](http://www.tng.hr)).

Management Board



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John Karavanić



## Remuneration Policy

The Remuneration Policy (hereinafter: the Policy) determines the remuneration of a member of the Management Board for Tankerska Next Generation d.d. (hereinafter: the Company) taking into account compliance with the regulatory framework. Beforehand one should be noted that Tankerska Next Generation d.d. applies the (new) Corporate Governance Code (hereinafter: the Code) adopted by Croatian Financial Services Supervisory Agency (Hanfa) and the Zagreb Stock Exchange, which has been in force since 1 January 2020.

Conditional deviations from the best practice according to the Code are due to the limited applicability of certain determinants due to the specificity of the Company.

The Company reports on its corporate governance practices for the year beginning January, 1<sup>st</sup> 2019 through the prescribed questionnaires to establish the existing Code practices covering the remuneration of members of the management and supervisory boards and the establishment of appropriate committees. Each member of the Remuneration Committee (hereinafter: the Committee) must have the necessary academic degree, knowledge and professionalism to perform activities within the competence of the committee. The Supervisory Board is responsible for the adoption, implementation and supervision of this Policy. The members of the Committee are appointed for a term until the expiration of the term of the Supervisory Board.

### Tankerska Next Generation's Remuneration Policy

Good corporate reputation is based, among other things, on transparency of information and adherence to the principles of good corporate governance, which in the capital market plays a key role in ensuring investor protection, which is one of the key determinants supported in the Company's remuneration policy.

The goal of the established remuneration policy is to;

- Explain the basic principles and basic starting points of the remuneration policy
- Establish remuneration policy criteria
- Compose and prescribe the transparency of remuneration procedures
- Harmonize procedures and policies with the long-term interests of the Company
- Indicate any significant changes compared to the previous year

Basic principles of remuneration of members of the Management Board:

- Balance of all elements of receipts and responsibility for the achieved results
- Market-oriented remuneration for jobs of the same or similar complexity
- Remuneration in such a way that the variable payments reflect the total achievement of the Company's goals as well as the personal contribution of the member of the Management Board
- Non-financial goals defined through quality and efficient management of people that ultimately positively affects the reputation and trust in the Company.

The key elements of remuneration are:

- Fixed remuneration

- Base salary - is not based on work performance and paid monthly. The base salary is adjusted to the labour market, respecting the environment in which it operates.

- Variable remuneration

- Annual bonus - is intended to reward the work performance of a member of the Management Board and is determined based on the achievement of financial and non-financial goals of the Company. Goals are set on the basis of one year and only exceptionally on the basis of several annual goals. The annual bonus is usually paid in the current year for the previous one.

The equivalent of two base salaries as an annual bonus for achieving the Company's financial goal is generally paid in the event that EBITDA reaches between USD 15 and 17 million. For EBITDA above USD 17 up to 19 million four base salaries, while for EBITDA above USD 19 million the target annual bonus for achieving the annual financial result is 6 base salaries. EBITDA ranges are based on an average of six ships in the fleet, which will be prorated as needed.

For the purpose of determining EBITDA for the calculation of the annual bonus of a member of the Management Board, the effect of the sale of the ship, whether positive or negative, is excluded from the calculation. For the purpose of bonus payment, the Audit Committee is obliged to determine EBITDA according to this criterion.

The maximum annual bonus for the business year for achieving the non-financial goals of the Company, in the discretion of the Supervisory Board, amounts to a maximum of two additional monthly base salaries. The Supervisory Board will determine its discretion for this purpose on the basis of the realization of the annual plan.

- In case of a poor business situation or annulment and dismissal of a member of the Management Board due to misconduct, the Supervisory Board may decide not to pay part of the bonus.
  - The bonus is paid only if it is sustainable taking into account the financial condition of the Company as a whole and if it is justified given the performance of the Company and the member of the Management Board. When taking into account the financial condition of the Company, an important criterion will be the satisfaction of conditions and obligations from the loan agreement.
  - In the event of circumstances prescribed by law or other applicable regulation, the Company may request the return of paid variable remunerations.
- Shares - The Supervisory Board may unilaterally decide that the annual bonus be paid by allocating the Company's own shares included in the regulated market, in which case a member of the Management Board acquires shares at the time he would otherwise receive a cash payment.

The allotment of shares accordingly contributes to the focus of the member of the Management Board on the appropriate balance between short-term and long-term goals.

- Benefits - not related to work performance
  - A company car assigned for use 24/7
  - Additional health insurance
  - Accident insurance policy
  - Personal liability insurance policy
  - Pension insurance – contributions to the third pension pillar

The Supervisory Board regularly analyses the level of benefits, if necessary, revises the existing ones and introduces new ones.

### **Remuneration policy for members of the Management Board**

The Company's remuneration policy for members of the Management Board must be determined by the Supervisory Board in accordance with the Company's policy and based on the recommendations of the Remuneration Committee. The level of remuneration of a member of the Management Board that is taken into account when determining the part of remuneration based on business performance must be appropriate taking into account the agreed strategy, risk appetite, economic environment in which the Company operates and salaries and conditions of employees.

When determining the level of remuneration, the Remuneration Committee or the Supervisory Board will also consider:

- Business management or day-to-day decision-making, as well as management that includes establishing a vision and standards that influence those decisions.
- Management also includes issues such as the purpose of the Company, relationships with other individuals and influencing expected behavior of managers and employees of the Company.
- The fact that companies with a good standard of governance and transparency find it easier to attract capital due to greater investor confidence.
- A benefit that arises not only for individual companies but for the market and the economy of the country as a whole.
- The international environment in which the business entity operates and on which it generates revenues.
- The possibility to attract professional staff with adequate experience in a specific shipping segment.
- Motivation and retention of qualified professionals and their loyalty.
- Advocacy and responsibility for the concept of corporate social responsibility, which implies a synergy of care for society and the environment, and the company's business development strategy, which should ultimately result in creating the preconditions for sustainable development of all parties involved.

A society with good governance has more prospects for long-term success, and those who invest in society, those who work for society, as well as the economy of the country benefit from it. Companies that behave ethically and have constructive relationships with stakeholders develop a good reputation, which contributes to their success.

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

Pursuant to the General Assembly's decision of 1 August 2018, the amount of remuneration was determined in the monthly amount of HRK 7,600.00 gross for members, and in the monthly amount of HRK 9,500.00 gross for the President of the Supervisory Board.

The level of remuneration of the Chairman of the Supervisory Board and other members of the Supervisory Board reflects their workload and responsibilities, including the workload and responsibilities in the Supervisory Board sub committees.

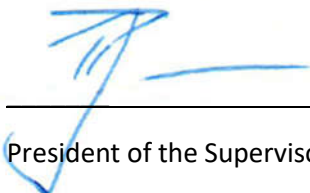
Remuneration of members of the Supervisory Board will not include variable elements or other elements related to business performance as performance-related remuneration that could jeopardize their independence and objectivity.

Unlike members of the Supervisory Board, the goals for members of the Management Board for obtaining performance-related bonuses must be challenging in order to reward results. Objectives must be designed so that members of the Management Board are not tempted to take excessive risks that are not in line with the strategy or behave unethically.

The Supervisory Board of the company, whose shares are listed on the regulated market for trading, decides on the system of remuneration of members of the Management Board.

### **Policy Revision**

The policy is reviewed once a year. If there are no changes, the existing policy remains in force. This policy enters into force upon approval of the Decision by the General Assembly of the Company.



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President of the Supervisory Board  
Ivica Pijaca