



PLAVA LAGUNA

CONFLICT OF  
INTEREST  
MANAGEMENT  
POLICY

## **CONFLICT OF INTEREST MANAGEMENT POLICY**

### **INTRODUCTION**

#### **Article 1**

Conflict of Interest Management Policy is adopted with the aim to better regulate and improve the Company's corporate governance system.

### **SCOPE OF APPLICATION**

#### **Article 2**

This Policy affects all Management Board members and all Supervisory Board members (and all of their boards/committees) in the Company (hereinafter jointly: Managers) as well as all employees in the Company (hereinafter: Employees).  
The Policy is applied to both Managers and Employees.

### **PURPOSE AND OBJECTIVES OF THE CONFLICT OF INTEREST MANAGEMENT POLICY**

#### **Article 3**

The Company applies and manages this Policy in order to identify potential and actual conflicts of interest, which is prepared taking into account the nature, size and complexity of its activities as well as circumstances that may lead to a conflict of interest, and at the same time taking into account the structure and activities of other members of the Company and activities carried out by relevant persons. The Policy establishes rules to avoid conflicts of interest as well as measures to be taken to resolve conflicts of interest that have occurred.

### **CONFLICT OF INTEREST**

#### **Article 4**

Conflict of interest is any situation in which the Company and/or relevant persons do not act from a neutral and objective point of view in relation to the business matter ie. when using their specific position in providing and performance of services they have

their professional and/or personal interests that are contrary to the Company's interests.

## **BASIC PRINCIPLES**

### **Article 5**

All stakeholders are obliged to act in accordance with the best interests of the Company in a way that they use all their knowledge and skills to perform their tasks in order to increase the Company's profit and value. Managers and Employees must perform their duties in accordance with valid regulations and acts of the Company.

Consequently, they are obliged to avoid any situation that could place them in a conflict of interest with the Company. They should not be in any financial, proprietary or other kind of relationship with suppliers, customers or other business partners that could negatively affect their independence in making decisions they are required to make on behalf of and for the benefit of the Company. If such a connection exists, they are obliged to inform the management directly.

When assessing the interests of the Company, Managers must take into consideration the interests of the workers, shareholders (including minority shareholders) and other stakeholders.

### **Article 6**

The resources of the Company may be used only for its benefit, not for the private benefit of an individual stakeholder or for the benefit of a third party. Managers and Employees must not use their positions to favour any private interests, including favouring of members of their immediate and extended family, acquaintances or family acquaintances. Such benefits may include agreements with preferential business terms and conditions with third persons or companies, price agreements, obtaining employment, gifts, leisure arrangements or other tangible or intangible valuables.

### **Article 7**

In communication with third parties, Managers and Employees are obliged to promote the best interests of the Company and protect its business reputation. Managers and Employees are obliged to safeguard the information they learn during the course of their work and to keep it as trade secrets.

## **PROHIBITION OF COMPETITION**

### **Article 8**

Managers must not perform activities that compete with the company's operations, either for their own account or for the account of others. They must not be members of the Management Board or the Supervisory Board of companies carrying out such activities or hold significant shares in such companies. Managers must

inform the Office of the Management Board about all shares in such companies. Details of these shares must be available, free of charge, on the company's website.

#### **Article 9**

Managers and Employees shall not, without the consent of the Management Board, engage in additional work, perform a self-employed activity or have a contractual working relationship with another legal entity (trade, company and similar), nor shall they use their know-how, information and business contacts related to their job position in performing a self-employed activity ie. during a contractual working relationship with another legal entity, if such work would include an activity that can be considered competitive in relation to the core activity of the Company (provision of accommodation services).

#### **Article 10**

Professional or volunteering engagement of Managers and Employees outside the Company must never interfere with the work the person is performing in the Company, must not involve use of Company's assets or facilities, implicit or explicit sponsorship by the Company or create a possibility of negative publicity for the Company. In order to comply with the provisions of this Policy, above mentioned persons must inform the Office of the Management Board about their additional professional activities and engagements.

### **TRANSACTIONS WITH RELATED PARTIES**

#### **Article 11**

No transaction between Managers and the Company (or persons related to any party) may be concluded without a prior consent of the Supervisory Board. The fair value of each material transaction, as defined by law, must be confirmed by an independent expert before transaction takes place and his report must be available free of charge, on the company's website.

The Supervisory Board shall ensure that procedures are in place to approve and disclose such transactions that comply with legal provisions and financial reporting standards. The Audit Committee must evaluate the effectiveness of these procedures at least once per year.

### **PROCEDURES FOR DETERMINATION OF CONFLICTS OF INTEREST**

#### **Article 12**

The Company's interest is to monitor and manage any identified or potential conflict of interest and, if necessary, to take measures to reduce or eliminate conflicts of interest of Managers and Employees, in order to ensure independence and objectivity of their actions in accordance with the provisions of this Policy. In the events when conflicts of interest are unavoidable, Managers and Employees have the

following obligations, according to this Policy, in the procedure of determination of conflict of interest;

- to disclose any conflict of interest to the competent person,
- to record any conflict of interest,
- to act with the due care and diligence of a prudent businessman in accordance with valid regulations in the Republic of Croatia and other internal acts of the Company.

## **OBLIGATION TO REPORT CONFLICTS OF INTEREST**

### **Article 13**

If a member of the Management Board or the Supervisory Board believes that he/she is in a potential conflict of interest regarding a certain decision, he/she must inform other members of the Management Board or the Supervisory Board about it. Members of the Management Board must also inform the President of the Supervisory Board. The Supervisory Board must keep records of all notifications related to conflicts of interest.

If a member of the Management Board or the Supervisory Board has reason to believe that another member of the Management Board or the Supervisory Board has failed to report any existing or potential conflict of interest, he/she must inform the President of the Supervisory Board about it. If any of them believes that the President of the Supervisory Board is

in conflict of interest, he/she must inform the Vice-president about it.

### **Article 14**

In accordance with the provisions of this Policy, Managers and Employees are obliged, without delay, upon the occurrence of an event or circumstances that may be considered a conflict of interest (including suspicion related to a particular situation or knowledge of the existence of any activity that could lead to a conflict of interest) ie. immediately after becoming aware of circumstances that may be considered a conflict of interest, to inform the Office of the Management Board.

Managers must, without delay, inform the Management Board and the Office of the Management Board of all potential and actual conflicts of interest.

Employees must, without delay, report any conflict of interest or potential conflict of interest to their manager and the office of the Management Board and/or „trusted person“ if they want to remain anonymous. Rules on the procedure of internal reporting of irregularities and on the appointment of a trusted person regulates the conduct of a trusted person.

If a Manager has reason to believe that another Manager has failed to report any existing or potential conflict of interest, he/she must inform the Management Board or, if not applicable, the President

of the Supervisory Board about the same. The Vice-president of the Supervisory Board is informed about the fact that the President of the Supervisory Board is the one who is in a situation of conflict of interest.

Managers and Employees must provide all necessary information related to conflicts of interest, including all necessary information about closely related persons (spouse or cohabiting partner and life partner, children, all blood relatives or in-laws up to the second degree of relationship, and persons in the same household).

## MEASURES FOR MANAGING CONFLICTS OF INTEREST

### Article 15

In managing conflicts of interest, the following procedures and measures may be undertaken;

- exemption from participation in decision-making when deciding on the matter in respect of which the Manager or Employee is in a conflict of interest or is in a potential conflict of interest,
- the obligation to obtain prior consent for transactions of Managers, significant shareholders or Employees with the Company,
- prohibition of trading in Company shares for Managers,
- organizational separation and change of job duties of Employees to prevent having access to Company's confidential information,
- keeping a Register of conflicts of interest, and
- conducting of training courses.

## DECIDING ON CONFLICTS OF INTEREST

### Article 16

Managers and Employees who are considered to be in a conflict of interest with regards to a certain topic cannot participate in the discussions and decision-making process, and cannot vote on that topic.

The Supervisory Board decides whether the reported (potential) conflict of interest of a member of the Supervisory Board or its committees actually represents interests that could conflict without the presence of that member of the Supervisory Board or its committees.

The Management Board decides whether the reported (potential) conflict of interest of a member of the Management Board actually represents interests that could conflict without the presence of that member of the Management Board, and also, whether the reported (potential) conflict of interest of an Employee represents interests that could conflict without the presence of that Employee.

## CONFLICT OF INTEREST REGISTER

### Article 17

For the purposes of recording any conflicts of interest and preventing potential conflicts of interest, the Company keeps a register of conflicts of interest which contains information that Managers and Employees are obliged to submit to the Company, which are or could be relevant to identify any circumstances that give or could give rise to a conflict of interest.

The Conflict of Interest Register in the form of an electronic record is kept and updated for the Supervisory Board by the Office of the Management Board, permanently.

### Article 18

The Policy is adopted by the Management Board of the Company with the prior consent of the Supervisory Board and it enters into force on the day of its adoption.

The Policy is published on Company's website and is available free of charge.

The Policy must be reviewed whenever there is a change affecting it.

PLAVA LAGUNA j.s.c.