**Sunce hoteli d.d.**

**THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

**In Zagreb, December 2022.**

Pursuant to Articles 266 and 267 of the Companies Act ("Narodne novine" No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/ 11, 111/12, 68/13, 110/15, 40/19 and 34/22, hereinafter: **Companies Act**), Supervisory Board of Sunce hoteli d.d. for tourism and catering (hereinafter: the **Company**), at the meeting held on 19th December, 2022 brought the following

**THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

1. **GENERAL PROVISIONS**

**Article 1**

**Subject and content of the Rules of Procedure**

These Rules of Procedure (hereinafter referred to as the **Rules of Procedure**) govern the way of working and decision-making, as well as other matters important for the work of the Supervisory Board of the Company (hereinafter: **Supervisory Board**), and in particular:

a) organization of work of the Supervisory Board;

b) rights and obligations of Supervisory Board members;

c) preparation and convening of Supervisory Board meetings;

d) holding meetings of the Supervisory Board and making decisions;

e) minutes and other acts of the Supervisory Board;

f) other issues important for the work of the Supervisory Board.

**II. ORGANIZATION OF THE WORK OF THE SUPERVISORY BOARD**

**Article 2**

**Appointment of members of the Supervisory Board**

The Supervisory Board shall have up to 7 members. The exact number of members of the Supervisory Board in a particular mandate period shall be determined by the General Assembly by its decision.

Members of the Supervisory Board can only be natural and fully capable persons for whom there are no restrictions prescribed in Art. 255, paragraph 2 of the Companies Act.

Members of the Supervisory Board shall be elected or appointed for a term of 4 (four) years and may be re-elected or appointed. If individual members are elected or appointed during the mandate of the existing Supervisory Board, their mandate lasts only until the expiration of the mandate of that Supervisory Board in its entirety.

If the Company's employees, when prescribed by a special law, are authorized to appoint one representative to the Supervisory Board, then that representative shall be appointed and dismissed in accordance with a special law.

**Article 3**

**Subsidiary bodies of the Supervisory Board**

The Supervisory Board may have subsidiary bodies (committees, commissions, etc.) for the purpose of preparing the decisions it makes and supervising their implementation.

Subsidiary bodies shall be composed of members of the Supervisory Board and experts outside its composition.

Subsidiary bodies shall not decide on issues within the competence of the Supervisory Board.

Subsidiary bodies monitor the area for which they are in charge and report to the Supervisory Board, present proposals for decisions to the Supervisory Board and suggest taking a position.

The Supervisory Board shall adopt rules of procedure on the work of subsidiary bodies.

**Article 4**

**Work at meetings**

As a rule, the Supervisory Bord shall make decisions at meetings, which can also be held in electronic form, and it can decide if the majority of members of the Supervisory Board are present at the meeting.

Members of the Supervisory Board who are unable to physically attend the Supervisory Board meeting shall cast their vote in writing.

In the work of the Supervisory Board meeting, instead of the prevented member of the Supervisory Board, another person authorized by him with a special written power of attorney shall participate.

The Supervisory Board can make decisions by correspondence, by voting in written form, by telephone, electronic mail (e-mail), via video conference or using other suitable means of communication, if the authenticity of the message and sender is ensured and if no member of the Supervisory Board do not oppose such a voting method.

The Supervisory Board shall make decisions by a majority of the votes cast, except when a different majority is prescribed by the relevant regulations or by the Articles of Association of the Company.

The voting results shall be presented to the members in writing and entered in the minutes.

**Article 5**

**Professional and administrative tasks**

Professional, administrative and technical tasks for the work of the Supervisory Board shall be performed by employees of the Company's Legal Affairs Department.

1. **RIGHTS AND DUTIES OF SUPERVISORY BOARD MEMBERS**

**Article 6**

**Rights and duties of members of the Supervisory Board**

The members of the Supervisory Board have the right to ask for and receive information on any issue related to the Company's work and operations, as well as to perform certain tasks outside the meetings of the Supervisory Board, for which they are authorized by the Supervisory Board.

Members of the Supervisory Board are obliged to participate in the work of the Supervisory Board at the meetings.

An individual member of the Supervisory Board may be absent from the meeting for justified reasons, provided that he informs the President of the Supervisory Board about this in a timely manner.

**Article 7**

**Rights and duties of the President of the Supervisory Board**

The President of the Supervisory Board has, in particular, the following rights and duties:

- convenes meetings of the Supervisory Board, proposes the agenda and manages their work,

- submits proposals to members of the Supervisory Board for decision-making,

- takes care of maintaining order at the meetings of the Supervisory Board,

- takes care of the execution of the decisions and conclusions of the Supervisory Board,

- signs all acts of the Supervisory Board,

- represents the Supervisory Board,

- performs other tasks in accordance with these Rules of Procedure

In case of inability, the President of the Supervisory Board shall be replaced by the Deputy President of the Supervisory Board.

**Article 8**

**Evaluation of the Supervisory Board**

At least once a year, the Supervisory Board shall evaluate its effectiveness and composition, as well as the effectiveness and composition of its committees and the individual results of its members. The evaluation is led by the president of the Supervisory Board.

The evaluation shall include an assessment of the need to improve the profile of the Supervisory Board and influence the decision on the overall size and composition of the Supervisory Board and its committees, as well as recommending individual members of the Supervisory Board for re-appointment. By evaluating, it is also necessary to identify whether there is room for improvement in the functioning and preparation of board meetings.

The evaluation report of the Supervisory Board and its committees shall be included in the annual report. The report shall state how the evaluation was conducted, whether external evaluators were engaged and who was consulted during the process. The report shall summarize the actions that have been taken or will be taken based on the results of the assessment.

**IV. PREPARATION AND CONVENING OF SUPERVISORY BOARD MEETINGS**

**Article 9**

**Preparation of materials for Supervisory Board meetings**

The Management of the Company shall prepare written material in advance in a form suitable for discussion and decision-making.

The Supervisory Board shall submit the request and deadline for the creation of certain materials to the Company's Management.

All materials for the meetings of the Supervisory Board shall be submitted in the required number of copies to the Company's Management Office, which shall deliver them to the members of the Supervisory Board.

Exceptionally, proposals for simple decisions, according to the opinion of the President of the Supervisory Board, shall be proposed and explained orally at the Supervisory Board meeting itself.

**Article 10**

**Convocation of meetings**

Meetings of the Supervisory Board shall be convened as a rule once every three months, unless circumstances in the Company require earlier convening of meetings, with the fact that they shall be convened at least once every six months.

Each member of the Supervisory Board or the Management Board of the Company shall request the convening of a Supervisory Board meeting, stating the reason and purpose. If this request is not complied with, a member of the Supervisory Board or the Management shall call a meeting, along with the agenda and the reasons for calling it.

The convocation to the meeting of the Supervisory Board in written form together with the materials shall be delivered to all members of the Supervisory Board, as a rule, seven days before the meeting.

The convocation to the meeting shall contain the time and place of the meeting and the proposed agenda.

Along with the convocation to the meeting, the minutes from the previous meeting shall be submitted if they have not been submitted earlier.

Only exceptionally, with a justified reason, the President of the Supervisory Board shall convene a meeting within a period of less than seven days by notifying the Supervisory Board and announcing the agenda or by announcing that the agenda will be determined at the meeting itself, in which case the materials for discussion and decision-making shall be delivered before the very beginning of the meeting.

**Article 11**

**Invitation and attendance at meetings**

Members of the Company's Management Board shall be invited and have the right to participate in the work of the Supervisory Board meetings, without the right to make decisions.

Uninvited persons shall not attend Supervisory Board meetings.

Reporters and advisors shall be invited to the Supervisory Board meeting for individual issues to be discussed or decided upon.

Professional workers from the Management office who take care of the minutes, the legal validity of decisions and all other issues important for the work of the Supervisory Board, shall be required to attend the meetings.

**V. WORK AND DECISION-MAKING AT SUPERVISORY BOARD MEETINGS**

**Article 12**

**Legal validity of meetings and acts**

At the Supervisory Board meeting, legally valid decisions, conclusions and other acts shall be made if the majority of Supervisory Board members are present at the meeting.

In the event that there is no quorum at the meeting of the Supervisory Board, a new meeting shall be convened in accordance with the provisions of these Rules of Procedure, with the same agenda, but no later than seven working days after the day for which the previous meeting was scheduled, at which the quorum of those present or represented members of the Supervisory Board.

**Article 13**

**The course of the meeting and determination of the agenda**

The meeting of the Supervisory Board shall be opened, managed and closed by the President of the Supervisory Board.

Consideration of materials and proposals for decision-making - voting at the Supervisory Board meeting is done in order according to the established agenda.

The proposal of the agenda specified in the convocation to the meeting shall be amended or supplemented at the meeting based on the proposals of the members of the Supervisory Board given in writing, which shall be submitted to the President and all members of the Supervisory Board before the meeting.

If it is proposed to change the agenda of the meeting contrary to the method provided in the previous paragraph, the Supervisory Board shall decide on it only if all members of the Supervisory Board present at the meeting agree to it.

**Article 14**

**Discussion and decision making**

There shall be a discussion about the items on the agenda and the prepared materials before the decision is made.

The President of the Supervisory Board shall give the floor to the members and other persons present at the meeting in the order of registration for the discussion.

After the President of the Supervisory Board determines that a particular issue has been discussed to the extent that the discussion can be concluded, he shall invite the members to vote on a decision on the particular issue.

If the Supervisory Board determines during the discussion of a particular item on the agenda that a certain issue has not been sufficiently discussed and therefore a decision cannot be made, such item on the agenda will be returned to the proposer, along with instructions on additional processing and the deadline for such processing.

Decisions shall be made by public voting, by a show of hands.

A member of the Supervisory Board shall abstain from voting in the case when a decision is made on an individual right or legal interest of his.

Absent members of the Supervisory Board shall vote by giving their vote in writing.

The result of the vote shall be determined by the President of the Supervisory Board and informs what decision was made.

Each member of the Supervisory Board has the right, after voting, to request that his opinion or disagreement with the adopted decision be entered in the minutes of the meeting.

**Article 15**

**Adjournment and termination of the meeting**

The convened meeting of the Supervisory Board shall be postponed by the President of the Supervisory Board when there are reasons that make it impossible to hold the meeting on a certain day and time, of which he shall inform all invited persons.

**VI. MINUTES, ACTS AND ARCHIVE OF THE SUPERVISORY BOARD**

**Article 16**

**Minutes**

Minutes shall be kept of each meeting of the Supervisory Board.

The following shall be entered in the minutes: serial number of the meeting, place, date and time of the meeting, first and last name of the members of the Supervisory Board present and absent, recorder and other persons present, agenda, beginning and end of the meeting, decisions made by items on the agenda with voting results , the point of view of each participant in the discussion, if requested, and other facts of importance for the work of the Supervisory Board meeting.

The President of the Supervisory Board shall also decide that the minutes should be kept by sound recording.

The minutes shall be signed by the President of the Supervisory Board.

**Article 17**

**Acts of the Supervisory Board**

The Supervisory Board makes decisions and conclusions.

All original acts shall be signed by the President of the Supervisory Board, and copies shall be delivered to individual persons.

**Article 18**

**Archive of the Supervisory Board**

The originals of the convocations and materials from the meeting, minutes from the meeting and all acts of the Supervisory Board are filed and permanently kept in the Supervisory Board's archive, which is taken care of by the Company's Management Office.

**VII. OTHER PROVISIONS**

**Article 19**

**Business secret**

The members of the Supervisory Board shall keep as a business secret confidential information about the course of the Supervisory Board's meetings, about the decisions and expressed positions of the Supervisory Board, and about the data and information about the Company and its affiliated companies that are known to them.

All other persons who in any way become aware of the minutes, decisions or positions of the Supervisory Board have the obligation to keep business secrets, in the sense of the previous paragraph.

**Article 20**

**Public relations**

The President of the Supervisory Board shall be responsible for the Supervisory Board's relationship with the media, i.e. a person authorized by the Supervisory Board.

These Regulations enter into force on December 19th, 2022

SUNCE HOTELI d.d. – Supervisory Bord

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Mohamed Ali Rashed Alabbar

President of the Supervisory Board