**SUNCE HOTELI d.d.**

**CODE OF BUSINESS CONDUCT**

**In Zagreb, December, 2022**

In accordance with the provisions of the Corporate Governance Code adopted by the Croatian Financial Services Supervision Agency (HANFA) and the Zagreb Stock Exchange d.d. which has been in force since January 1, 2020, the Management Board and Supervisory Board of Sunce hoteli d.d., Radnička cesta 43, 10 000 Zagreb, OIB: 06916431329 (hereinafter: the **Company**) at its meeting held on 19th December,2022 they determined the following

**CODE OF BUSINESS CONDUCT**

**INTRODUCTORY PROVISIONS**

**Article 1 – Subject and purpose**

This Code of Business Conduct (hereinafter: "**Code**") shall determine the general framework of behavior of all participants in the business process with the aim of achieving high business morals and personal integrity that ensure the credibility and reputation of the Company.

The purpose of this Code is to instruct employees in a manner of behavior appropriate to the work environment and in accordance with moral and professional norms and generally accepted values.

**Article 2 – Field of application**

The Code shall be applied at all levels of the Company - it refers to the members of the Supervisory Board and Management Board, to all employees of the Company, as well as to external collaborators who are obliged to apply the norms prescribed by the Code in their behavior (hereinafter: "**Obligors of conduct**").

The Code shall be applied in the day-to-day work of the Obligor, i.e. in the day-to-day performance of work for the Company.

**Article 3 – Professional obligation**

Based on the behavior of the individual, conclusions are drawn about the entire Society. Also, the behavior of an individual affects the overall working atmosphere, and therefore, the behavior of an individual at the workplace is not a private matter, but represents a generally accepted personal and professional obligation of all employees of the Company.

**Article 4 – Mission and vision**

The mission of our Company is to become a recognized Company in the field of holiday tourism, to improve tourist destinations that are based on top services and the highest quality standards, and to contribute to the creation of authentic experiences for the users of our services through our own responsible business while taking care of sustainable development as well as local communities.

Through transparent operations focused on employees and partners, we expand our own potential, influence trends and set new standards, while respecting fundamental values ​​such as hospitality, ambition, responsibility and innovation.

**Article 5 – The attitude towards employees and the attitude of employees towards the Company**

The Company highly values ​​each of its employees and understands that it can successfully achieve the set goals and Mission and reach the Vision only if it has motivated and dedicated employees who are aware that their progress depends entirely on their ability to perform their work well, that they are successful in their work and to accept responsibilities.

Each employee is the guardian of our reputation and each is personally responsible for promoting the reputation and successful operation of our Company. Our employees can expect friendliness and understanding from the Company. The Company will strive to provide every employee with safe and healthy working conditions in which there is no place for any type of abuse.

Employee loyalty to the Company implies taking into account the Company's business interests and goals at the workplace, during working hours, but also outside the workplace and working hours. Employees are expected to behave in accordance with the adopted ethical principles and fundamental values ​​of the Company when performing all tasks from the job description as well as in activities outside the workplace. Employees are obliged to comply with applicable laws and by-laws, as well as the Company's internal acts (rules, manuals, decisions, instructions, etc.)

**FUNDAMENTAL PROVISIONS**

**Article 6 – Generally accepted rules of polite behavior**

Our Company is guided by the principles of mutual respect, appreciation and trust, and employees are expected to comply with legal regulations, by-laws, internal Company acts as well as generally accepted moral and ethical norms of behavior.

Each employee shall contribute to a positive atmosphere and behave as a socially responsible member within the scope of the duties of their job description.

Employees shall take particular care to align their daily behavior with generally accepted rules of decent behavior, which includes, but is not limited to:

• punctuality in arriving at work and meetings,

• compliance with agreed deadlines,

• appropriate addressing,

• appropriate business attire,

• avoiding and actively preventing arguments, confrontations and conflicts,

• not leaving the workplace without the need and approval of a superior.

**Article 7 – Respect for business partners**

Workers shall respect business partners and/or authorized persons of business partners and shall avoid possible conflict situations with business partners.

Workers shall not in any way actively participate and/or contribute to harming the honor and reputation of business partners.

Respect for business partners is also manifested by adequately selected and appropriate clothing for workers who work at the partner's location and/or participate in meetings.

**Article 8 – Respect for the organization**

Employees shall respect the boundaries of authority and responsibility, the hierarchy and organizational structure of the Company, and their behavior shall protect and contribute to their reputation.

Employees shall discuss possible work-related difficulties with his immediate superior with mutual trust and respect. In case of disagreement, employee shall contact the Management of the Company.

**Article 9 – Managers of business areas**

Managers shall continuously monitor the work of employees, recognize and direct their potentials and opportunities, as well as prevent problematic and conflict situations.

Managers shall work in accordance with the highest standards of expertise, impartiality, independence, confidentiality and integrity.

Managers shall be responsible for monitoring and applying set procedures and rules and shall encourage teamwork and information exchange.

**Article 10 – Organization of meetings**

When scheduling a meeting, the meeting organizer shall clearly define the goal of the meeting. The goal of the meeting also determines the circle of employees who are invited and who attend it. The decision on who participates in the meeting shall be made by the meeting organizer.

The employee shall be prepared for the meeting and shall refrain from discussing tasks in which he is not competent and which do not belong to the tasks from his job description.

Meetings will stick to the topic of the meeting and will not deviate from it. If there is a deviation, the organizer of the meeting shall discreetly return the conversation to the subject for which the meeting was convened.

**Article 11 – Attitude towards partners**

The Company requires its business partners (users of services, business associates and business partners) to act in accordance with the requirements of this Code.

Employees are expected to have professional communication with business partners, which is necessary for orderly and timely performance of work. Good relations with business associates and business partners are a priority. Communication must be clear and efficient, and the information provided must be accurate and truthful. When presenting data, special attention will be paid to compliance with confidentiality obligations.

Employees are expected to maintain an impartial relationship with users of the Company's services, business associates and partners and to act in the best interest of the Company.

All information obtained from the user or the Partner or in the performance of work for the Partner is considered a business secret.

**Confidential information** is considered to be information that is designated as a business secret by law, other regulation, general act or decisions of the Company, as well as information from legal transactions concluded by the Company, the disclosure of which could have serious consequences for the economic interests of the Company or third parties.

Confidential information includes information about the Company's projects, information about operations, infrastructure, equipment, intellectual property, business processes, financial data and all other information about the Company, whether in written, oral, electronic or other form.

No employee is authorized to disclose confidential information to other employees who do not need this information to perform their jobs.

**Article 12 – Company property**

The assets of the Company are intended for the needs of the Company, not for personal needs, and shall not be used for personal benefit or anyone else's benefit except for the benefit of the Company.

Any alienation, embezzlement, destruction or damage of the Company's property through careless handling and negligent attitude towards work, as well as unauthorized use, is strictly prohibited.

All employees shall treat the Company's property responsibly and with due care, as well as in accordance with the Work Regulations and other internal acts. The assets of the Company shall be used only and exclusively for business purposes and for the account of the Company.

Damage, unnecessary costs, loss, negligent behavior or any other action of the employee that results in a decrease in value or destruction of the property, the employee is obliged to compensate in full.

Gifting of the Company's property is prohibited, except in exceptional cases in accordance with the regulations based on the decision of the Company's management (donations and gifts to business partners).

**PROTECTION OF LIFE, HEALTH, PRIVACY AND DIGNITY OF EMPLOYEES**

**Article 13 – Safety at Work**

The Company shall enable all its employees to work in a healthy and safe working environment, because such an environment is the basic prerequisite for the highest professional and personal achievements of our employees.

The Company acquires and maintains plants, devices, equipment, tools, the workplace and access to the workplace, and organizes work in a way that ensures the protection of life and health of employees, in accordance with special laws and other regulations and the nature of the work performed.

The Company shall familiarize the employee with the dangers of the work he performs and train him to work in a safe manner.

Alcohol consumption in the workplace is prohibited.

Safety during the performance of work tasks is a prerequisite for normal operations, therefore the Company undertakes all the necessary norms and standards of work protection established by law and internal acts.

Employees are obliged to comply with occupational safety norms and standards, as well as to notify their immediate supervisor of observed non-compliance with prescribed occupational safety norms in order to avoid accidents while performing work tasks.

If an accident occurs during the performance of a work task, the employee shall immediately notify the immediate superior, who is obliged to immediately notify the person in charge of the coordination of safety at work.

**Article 14 – Protection of personal dana of employees**

The personal data of employees shall be collected, processed, used and delivered to third parties only if this is determined by law or if it is necessary for the exercise of rights and obligations from the employment relationship, i.e. in connection with the employment relationship.

The employee shall inform the person in charge of personnel affairs about any change in personal data.

Incorrect personal data shall be corrected without delay.

Personal data about employees shall be kept strictly.

**Article 15 – Protection of dignity of employees**

All employees are equal, regardless of gender, age, nationality, ethnic origin, religious affiliation, language, social and economic status. Differences between people are accepted in an open and tolerant manner, without interfering with the privacy and intimacy of employees. All employees have an equal opportunity to succeed in the Company, and the position in the Company depends solely on the work results and performance of each individual.

All forms of physical and emotional abuse are strictly prohibited because they threaten the safety, integrity and dignity of employees, and the consequences often have a lasting negative effect on the individual and his immediate work environment. Threats, vulgar expressions, outbursts of anger, insults and belittling, as well as other violent behaviors, make the working environment unsuitable for quality work and seriously endanger interpersonal relationships.

Any violent behavior is considered a serious breach of duty.

An employee who is harassed or sexually harassed shall, except in the case referred to in Article 134, paragraph 5 of the Labor Act, submit a written complaint to the person authorized to receive and resolve complaints related to the protection of the dignity of employees.

The Company's Management shall, within a maximum of 8 days from the delivery of the complaint, take all the necessary measures appropriate to the individual case in order to prevent the continuation of harassment or sexual harassment if it determines that it exists.

All information determined in the procedure for protecting the dignity of employees shall be confidential.

**ANTI-CORRUPTION ACTION**

**Article 16 - Corruption**

In the sense of this Code, **CORRUPTION** means asking, offering, giving or receiving, directly or indirectly, a bribe or any other illegal benefit or making it appear that distorts the performance of duties or behavior required of the recipient of the bribe or the person to whom it is made to appear.

Company employees shall reject any offer to participate in corruption.

In performing work tasks, the employee shall not abuse his authority and position for the purpose of obtaining material or other benefits for himself or another legal or physical person.

Any form of bribery and corruption is strictly prohibited. No one shall offer, give or accept, directly or indirectly, any unauthorized monetary or other benefit for the purpose of obtaining, maintaining or securing any unlawful business advantage.

No employee shall receive any privileges, services, bonuses, gifts or other forms of acceptance as an incentive for performing their work duties and/or carrying out official actions and/or decisions related to the Company's operations.

What is stated in the previous paragraph does not refer to receiving or giving a gift of symbolic value and a sign of attention. Symbolic gifts may not be received or given if this could be interpreted as a means of coercion or a form of reciprocation.

All trade secrets and other confidential information owned by the Company shall only be used in such a way that they are protected as the Company's property.

Employees shall not use official information about activities as well as customers for illegal purposes, that is, they shall not reveal business secrets that they learned during the performance of their work tasks.

In the event that an employee suspects a violation of this Code, he shall report it to the Company's Management.

**Article 17 – Conflict of interest**

A **conflict of interest** represents any situation in which employees are not neutral and/or objective in relation to the work tasks they perform, i.e. when using their specific position when providing services from the Company's sales range, they have professional and/or personal interests that conflict with the interests of the service provider, and which can affect impartiality in the provision and performance of services and activities, i.e. cause damage to the interests of the client.

The interests of the Company's employees shall not come into conflict with the obligations they have in the Company or which the Company has towards its customers. Employees of the Company are obliged to separate private interests from business interests when performing duties in the Company.

The employee has a clear obligation of loyalty to the Company, and conflicts of interest are avoided at all levels.

It is not allowed to take a position or be in a position that opposes the employee to the interests of the Company.

Work duties shall be performed impartially - equally towards all Customers of products and services.

Work duties shall be performed exclusively on the basis of objective indicators and regulations and without the influence of anyone's personal interests.

If the employee is not sure whether a certain circumstance represents a potential conflict of interest, he shall consult with his superior and responsible person in the Company.

**CORPORATE SOCIAL RESPONSIBILITY**

**Article 18**

The Company actively contributes to sustainable development in the local communities where it operates.

Obligors of conduct shall, in relation to local communities, act bearing in mind in particular:

• The Company, as a partner to governmental and non-governmental organizations that are involved in cultural and social projects in the destinations where it operates and a sponsor of charitable events in them, uses its influence to provide support and improve economic and social benefits for private and business communities in Dalmatia in particular, but also in Croatia in general;

• The Company's priority is the use of regional and local products and services, that is, the use of the services of local suppliers in order to encourage complete, high-quality and solid economic growth and development of the local community;

• The Company's goal is to attract local workers with the knowledge and skills necessary to take on new responsibilities and challenges in creating an attractive image of the destinations in which it operates and building a new destination brand that offers an original local, Croatian and Mediterranean experience. The aforementioned includes approaching guests with personalized service and innovative and competitive products and services that will exceed the expectations of the most demanding modern travelers;

• The Company implements various training programs for all levels of employees, managers and experts from the facilities it manages and is continuously involved in various development programs of local schools and organizations (including trainings, seminars and presentations for school children of all ages, hotel-oriented schools and business workshops);

• The Company actively supports charity events and in its facilities enables the holding of charity gala events and supports local initiatives with its resources, spaces and accommodation.

**ENVIRONMENTAL PROTECTION**

**Article 19**

The Company is aware of its responsibility in protecting human health, the environment and natural resources, therefore environmental impact management is an extremely important part of the Company's strategy and operations.

When performing its registered activities, the Company is guided by the norms of maximum respect for ecological principles and laws related to environmental protection.

Natural resources and energy are used rationally, pollutant emissions are continuously reduced, and programs for material reuse and safe disposal of waste and energy saving are developed.

When performing work tasks, it is the duty of every employee to pay attention to all aspects of environmental protection.

Work equipment shall be used in accordance with the operating instructions in order to prevent emissions of harmful substances into the environment.

In addition to the usual reasonably necessary precautions, it is necessary to provide suitable material for pollution remediation at the work site.

The Company implements and develops concrete measures and actions to reduce the harmful impact on the environment by reducing the amount of waste, disposing of waste in an environmentally friendly way, improving energy efficiency, reducing the emission of harmful gases, encouraging the use of renewable energy sources and others ways.

As a conscientious and responsible member of the immediate environment, but also of the wider global community, we are obliged to take care of the preservation of the natural environment and properly treat all types of waste.

**PROCEDURE FOR DETERMINING VIOLATIONS OF THE CODE**

**Article 20**

In the case of any information about actions or procedures that do not comply with the Code or doubts about the existence of such procedures, Obligors of conduct shall contact the Superior Manager and/or organizational unit of the Company responsible for human resources management.

The application from the previous paragraph is submitted in writing (including electronically) or orally on the record.

The application procedure is carried out while ensuring the secrecy of the identity of the applicant and the confidentiality of the procedure.

Violation of any provision of the Code is considered a violation of obligations from the employment relationship, i.e. a violation of due care in relation to the Obligers who are not in an employment relationship with the Company.

In the event of a violation of the provisions of the Code, the Obligor of conduct who is in an employment relationship with the Company may be subject to the measures provided for by the Labor Law and/or the Company's acts, depending on the severity of the violation.

The relevant internal acts of the Company apply to the procedure and jurisdiction related to the determination of a violation, proposing and imposing a measure/making a decision due to a violation of obligations from the employment relationship.

In relation to the Obligor of conduct who is not in an employment relationship with the Company, in the event of a violation of the provisions of the Code, measures may be taken, i.e., procedures provided for by positive regulations may be initiated (e.g., initiation of litigation for compensation of damages, etc. ).

The procedure for determining a violation of the Code is initiated by a report to the Company's management.

In the event of a violation by the Company's management, the report is submitted to the Company's Supervisory Board.

In the event of a report, a working body will be convened to determine the violation of the code, consisting of:

1. Executive Director of the Company

2. Director of department

3. The manager of the technical area in which the employee who is suspected of having acted contrary to the provisions of this Code works

4. Director of Human resources and Legal affairs

During the examination procedure, the employee who is suspected of having acted contrary to the provisions of this Code will be heard and will be given the opportunity to present his defense, as well as employees who are considered to have some knowledge of the event in question.

At the end of the examination procedure, the Executive Director of the Company, on the proposal of the members of the working body, makes a decision on whether there is a violation of the Code. If it is determined that there is a violation of the Code, the Executive Director of the Company will impose a sanction for the established violation.

Decisions on violations of the code, as well as decisions on sanctions, will be made in writing.

**Article 21 – Sanctions**

Depending on the severity of the violation of this Code, violations shall be punished as follows:

1. Written warning from the Company's Management

2. Compensation for damage

3. Termination of employment contract due to hidden behavior

4. Extraordinary termination of the employment contract

**Article 22 – Responsibilities and obligations in the application of the Code**

All Obligors of conduct shall study and consistently apply the provisions of the Code in their daily work.

Superior managers shall provide all the necessary support in the interpretation and application of the Code to Obligors of conduct who are their superiors and/or for whose work they are responsible from a business or operational point of view.

**FINAL PROVISIONS**

**Article 23**

This Code will be published on the Company's website and shall enter into force on the day of publication.